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ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

BULGARIA

POLITICAL AND GENERAL

The New Government.—On the resignation of M. Zankoff and his Cabinet, King Boris entrusted the formation of the new Ministry to M. Liaptcheff, the leader of the Government majority parties. The immediate cause of the resignation of M. Zankoff was the conflict that had arisen between him and the majority parties, while the Macedonians, who had played an important part in the election of M. Zankoff in 1923, also used their power and influence in removing the ex-Premier.

The new Ministry is composed as follows :—

Prime Minister...	M. Liaptcheff.
Minister of Foreign Affairs ...	M. Bouroff,
Minister of Commerce ...	M. Bobochevsky.
Minister of Public Instruction	M. Naidenoff.
Minister of Finance	M. Vladimir Molloff.
Minister of Justice	M. Kouleff.
Minister of War	General Valkoff.
Minister of Agriculture ...	M. Christoff.
Minister of Public Works ...	M. Slavenko Vassileff.
Minister of Communications	M. Kimon Guerguieff.

The new Prime Minister is an eminent economist and financier and was one of the pioneers of the Bulgarian co-operative movement. He is also a journalist of much influence and one of the leaders of the democratic movement in Bulgaria. In 1908 he held office as Minister of Finance in the Administration of M. Nalinoff, occupying a similar position ten years later. It is generally understood that the immediate aim of the new Premier will be to reconcile and unite the national interests on the basis of a democratic consolidation, probably including the moderate Agrarians. The extension of the Government support in this manner will counterbalance the opposition of the Macedonians and would lend a certain stability to the new Government.

Survey of 1925.—The past year represented for Bulgaria a period of consolidation both in internal and foreign affairs, largely due to the efforts of the Government and of Parliament. The year opened in very troublesome times, and the Premier conferred with neighbouring Powers respecting the means of combating the growing Communist menace. The general unrest, which culminated in the assassination of M. Mileff and of M. Strachimiroff the Communist, in the attempt on the King, and lastly in the outrage in the Cathedral at Sofia, was eventually allayed and the disaffection quashed. Since June last the Press censorship has been removed, in September the liberty of public assemblies was restored, and of a more recent date the state of siege has been raised. The Government's main attention has been directed during the year to financial and economic questions with a view to sustaining the country's finances and to encouraging national industry. The refugees problem has also made a great claim on the Government's time and resources, and the Government took the wise course of appealing to the League of Nations for an international loan in connection with the solution of this problem.

In regard to foreign affairs Bulgaria has faithfully carried out the conditions imposed by the Peace Treaties and has continued in friendly relationship with all foreign Powers. An important event was the conclusion of a series of agreements with Turkey, regulating the diplomatic and economic relations between the two countries. The differences that arose with Yugo-Slavia have been satisfactorily settled, while the dispute with Greece was submitted for settlement to the League of Nations.

In the economic field Bulgaria has had to contend against great difficulties. The general agricultural harvest, especially that of wheat, in 1924 was bad, and this fact explains the unfavourable commencement of 1925, for Bulgaria is mainly an agricultural country and her economic life in general depends to a large extent upon the agricultural situation. The Government took urgent measures to avoid the evil consequences of the bad harvest, especially in regard to distress in the towns. Food commissaries were appointed in every town and district, whose duty it was to secure a food supply to the people, to put down speculation in provisions and foodstuffs, and also to regulate and stimulate production. Many of the farmers and cereal merchants held back stocks; the Government met this move by importing a considerable quantity of grain from America. Eventually the crisis was overcome, mainly by the united sacrifice and efforts of the people. The autumn brought with it a turn for the better, for the harvest in 1925 was exceptionally good, both in regard to quantity and quality. There followed, however, a drop in the prices of cereals, while Russia was throwing on the international market some million tons of grain at prices defying competition. Thus the agriculturists were again faced with a grave problem, which was aggravated by the competition of cheap Turkish tobacco placed on the market at a very low figure. Efforts were made to cultivate other branches of the industry, special attention being given to the rearing of swine for exportation to Great Britain.

The Budget, amounting to 600 mill. leva, has been balanced and gives great hopes for the future of national finances. The course of the lev was maintained at a stable rate throughout the year as a result of the sound financial policy adopted by the Government. Agricultural insurance has made great progress during the year, having been extended to cover diseases of all kinds of live stock and horses. Important improvements have been introduced in the State mines of Pernik, the work now being carried out on more modern lines, with the result that the output now approaches 1,000,000 tons per annum. Several new railway lines have been laid down, notably those connecting Béla-Slatina with Brakovtzy and Bourgas with Anhialo, while the construction of other lines has been commenced, the most important being those from Kritchim to Pechtera, Sarambey to Nevrokop, and Choumen to Karnobat. Industry has not been neglected, an important measure being the augmentation of the import duty on foreign sugar in order to stimulate the home industry. This measure has resulted in a large

extra area being planted with sugar beet and in sufficient sugar being manufactured in Bulgaria to meet the home demand. The Government intends to take other steps for the encouragement of Bulgarian industry.

Commercial treaties have been concluded with France, Great Britain, Italy, Czechoslovakia and Poland. (*La Bulgarie.*)

FINANCE

The Financial Situation.—The financial situation of Bulgaria becomes daily worse, writes M. Jl. Januloff, of Sofia, in the *Wirtschaftsdienst*. The national floating debt towards the National Bank amounted to Leva 3,775 mill. on August 21, 1924, but had risen by August 21, 1925, according to the statement of the National Bank, to no less than Leva 4,725 mill. To this sum should be added the claims of Rumania, Greece and Turkey. The foreign loans of 1892, 1902, 1904, 1907 and 1909, and the occupation obligation of former East Rumelia (now South Bulgaria), attain the figure of Fr.490 mill. gold (at the present moment Fr.1 gold = Leva 27). The Reparation Debt is divided into two halves, the second portion, "B," being payable in 1953; up to that year the sum of Fr.1,700 mill. gold must be paid, without reckoning the accumulating interest. This is a phantastic sum for Bulgaria. Payments on the first part of the Debt have been made since 1923. Instead of these reparation sums being diminished in view of the situation of the country, they were on June 30, 1925, increased by Leva 595,703,301 on the ground that for the period October 1, 1923, to October 1, 1934, Bulgaria will pay but a portion of the interest; the remainder of the interest is converted into capital and future interest will be likewise capitalised until, as from the year 1934, the full interest service is made. In addition to the above the non-consolidated debt of Bulgaria figured on June 30 last at Fr.88,580 mill. to the Banque de Paris; to the Diskonto-Gesellschaft, Fr.150 mill. advanced on the 500 mill. francs loan of 1914 and Mk.97.5 mill. advanced on the same loan; to the Jackson Company, Salonica and Constantinople, Fr.20 mill., or, including interest, Fr.26.5 mill.; and to Yugo-Slavia, according to the agreement of November 26, 1923, a further Fr.7,105 mill. gold. To aggravate the difficulty, the internal consolidated debt of Bulgaria on June 30, 1925, totalled Leva 242,942 mill., and the non-consolidated internal debt (to the Bulgarian Agricultural Bank) figured at Leva 3,897 mill., while the amount due to the Bulgarian National Bank in respect of cover to the former deficit in the ordinary and the extraordinary Budget and credits brought forward stands at Leva 4,613.3 mill.

There are only two means of relieving the serious financial situation, either by means of a foreign loan or by a revision of the reparation debt.

Comparative Budgetary Situation.—The following statistics relating to the budgetary situation in the different financial years since 1922–23 are published by the *Agence Economique et Financière* (in millions of leva):—

Revenue.

	Direct taxes.	Customs.	Indirect taxes.	Railway receipts.	Miscellaneous.	Total.
Result 1922–23	418.40	1,298.12	652.62	748.26	1,335.82	4,423.22
Result 1923–24	600.85	1,275.23	745.52	785.5	1,949.3	5,356.4
Estimates 1924–25	830.0	1,435.0	947.0	917.0	2,475.25	6,604.25
Result 1924–25	940.49	1,563.85	1,055.54	967.05	2,334.37	6,858.0
Estimates 1925–26	890.0	1,645.0	1,355.0	1,080.0	1,935.0	6,875.0
Result of first six months of financial year 1925–26 (that is, from April 1 to September 30, 1925)	375.53	842.0	584.0	505.85	807.4	3,114.48

Expenditure.

	Debt.	War.	Railways.	Education.	Other items.	Total.
Result 1922–23	873.84	626.44	417.63	436.91	1,857.35	4,212.19
Result 1923–24	776.85	1,134.39	570.57	616.69	2,047.7	5,146.2
Estimates 1924–25	1,226.57	1,167.96	814.2	742.27	2,648.86	6,599.86
Result 1924–25	1,032.82	1,158.75	704.43	693.09	2,437.46	6,026.55
Estimates 1925–26	1,397.95	1,232.07	869.03	680.18	2,705.77	6,875.0
Result of first six months of financial year 1925–26	541.9	574.85	345.47	343.63	934.15	2,740.0

Insurance Business in 1924.—Before the war there were in Bulgaria only 5 insurance companies, whereas there are now 24, including 18 joint stock or limited liability companies and 6 co-operative insurance societies. During the course of the year 1924 premiums for life insurance to the aggregate value of Leva 115 mill. were issued, while fire, transport and theft insurance premiums amounted to Leva 210 mill. The net profit of all companies in 1924 amounted to about Leva 11 mill. The paid-up capital figured at Leva 36 mill. A portion of the reserve of all insurance companies, representing a total of Leva 145 mill., is deposited in mortgages, a further portion in real estate (Leva 65 mill.) and in various securities (Leva 28 mill.). A few foreign insurance companies were also conducting operations in Bulgaria during 1924, the aggregate value of the premiums issued by such companies amounting to Leva 25 mill. (*Wirtschaftliche Nachrichten.*)

TRADE

Foreign Trade Returns January to September.—According to the figures published by the Bulgarian Statistical Bureau, imports in September last amounted to 35,079 tons valued at Leva 669.7 mill. and exports amounted to 66,972 pieces and 33,622 tons valued at Leva 656.6 mill. The value of the total turnover of foreign trade in this month reached the figure of Leva 1,326 mill., which constitutes a record. The increase in exports in September was both comparative and absolute. In August for every 100 leva of exports there were 111 leva of imports, whereas in September the ratio was 100 leva of exports to 102 leva of imports.

For the period from January to September last year the total imports amounted to 319,434 tons to the value of Leva 5,572.2 mill., while exports amounted to 616,284 pieces and 218,783 tons to the value of Leva 4,238.3 mill. The value of the total turnover during the first nine months of the year is represented by Leva 9,810.5 mill., the unfavourable balance being Leva 1,333.9 mill.

In a contribution to the *Wirtschaftsdienst* M. Jl. Januloff expresses the opinion that although the exact figures of the foreign trade returns for the whole year are not yet available, it would appear from the data supplied by the Customs that the year's trade will close with an unfavourable balance of about one milliard leva. The payment balance would not, he states, be unfavourable to Bulgaria if the National Bank had not been called upon to advance up to December 15, 1925, more than Leva 1,300 mill. for the payment of interest and for the settlement of old and reparation debts. The considerable diminution of the foreign currency and bills reserve of the National Bank makes it imperative for imports to be restricted and exports to be vastly increased. If Bulgaria can find a good market for the surplus stocks of cereals from the past year's splendid harvest a big step will have been taken towards surmounting the prevailing economic crisis in the country.

DANZIG

POLITICAL AND GENERAL

The Commercial Situation and the Economic Crisis.—In reporting the foreign trade returns of the Free City of Danzig for the first half of the past year, the *Wirtschaftsdienst* takes the opportunity of critically examining the decline in its commerce and of surveying the economic situation.

The final statistics of the volume and value of Danzig's foreign trade during the above mentioned period compare very unfavourably with those of the corresponding period of the preceding year, not only in the decline of the value of exports to the detriment of the foreign trade balance, but also in respect of the general turnover. According to the official figures issued by the National Statistical Bureau of the Free City of Danzig, the general turnover of foreign trade during the first six months of 1925 was lower in volume by some 155,000 tons than during the corresponding period of 1924, notwithstanding the fact that owing to the comparatively mild winter at the beginning of 1925 shipping was facilitated and certainly not so long interrupted as in the preceding winter. The following figures, which do not include the transit trade, are eloquent testimony of the decline in Danzig's commercial exchanges with foreign countries:—

	Imports.		*Exports.*	
	Tons.	Mill. gulden.	Tons.	Mill. gulden.
First half 1925	421,950	264.4	701,338	176.4
First half 1924	428,645	274.2	850,173	318.9

The provisional figures for the third quarter of the year show that in connection with the growing export of Polish coal and the augmentation of cereal exports an improvement set in. The provisional figures for the three months in question, subject to later revision when the final statistics are issued, are as follows (in millions of gulden):—

1925.	July.	August.	September.
Value of imports	47.4	39.9	33.5
Value of exports	22.2	24.9	31.6

Taking all circumstances and especially the import barriers established by Poland into consideration, it is doubtful whether the figures for the whole year will be equal to those of pre-war times, despite the marked improvement during the third quarter of the year. An interesting feature of the present development is that Danzig's foreign trade is becoming more international in character than it was before the war, the exchanges being now conducted with more than twenty different European and overseas countries. Following the details of the total trade for the first half of 1925 it is seen that Germany occupies the leading position, having exported to Danzig during the half-year goods to the value of Gulden 71.1 mill., and having imported from Danzig goods to the value of Gulden 43.4 mill. Great Britain comes next with exports at Gulden 40.6 mill. and imports from the Free City at Gulden 55 mill. The trade with the United States, which occupies third position in respect to the aggregate turnover, is very unequal, exports from that country to Danzig totalling Gulden 36.4 mill., while the value of United States imports from the Free City amounted to but Gulden 4.1 mill. Other important countries in respect of the general trade with Danzig are, in order of the total value of the trade exchanges, France, Chile, Denmark, Holland, Sweden, India, Belgium and Brazil. Russia is proving a good market for exports from Danzig. Despite the expanding international connections in her commerce Danzig has, while within the Polish Customs Union, not been able to attain the pre-war level of trade. Up to the present sea-going exports have reached only 96.2 per cent. and imports from overseas only 94.3 per cent. of the monthly average of the pre-war period 1911 to 1913. The hopes of the Danzig exporters regarding a revival of the Polish timber exports have not been realised. On the contrary, timber exports have receded still further during the past year. The augmentation of cereal exports will be brought to a summary end on account of the embargo imposed by Poland upon the exportation of cereals. The slight improvement in Danzig's export trade brought only a temporary benefit to a few branches of commerce. In other branches business is almost at a standstill, while the existing conditions of foreign trade and more particularly the disastrous consequences arising out of the present financial conditions in Poland react upon Danzig industry, spelling ruin for many branches. The ever-growing number of unemployed and the increase in the number of liquidations and bankruptcies testify only too plainly to the bad economic situation of the Free City. To speak of the "blessings" for Danzig accruing from being in the Polish Customs Union (the favourite phraseology of the Polish and the foreign Press) is entirely misleading, for Danzig has never had to suffer so much in the past as in these days of the compulsory Customs Union with Poland. Even the financial advantages for the Danzig Government arising from participation in the Polish Customs receipts are regularly diminishing, on account of the restricted imports and the fall of the zloty. The most recent receipts made known amount to barely one half of those of the preceding year, with the result that a serious economic crisis and also a national financial crisis arose, compelling the Danzig Government to take decisive measures to arrest the further swelling of the budgetary deficit. In this connection it is proposed to cut down national expenditure by 25 per cent., and, if this cannot be accomplished, to make good the deficit by the imposition of increased taxation. The Senate intends to introduce a tobacco monopoly, also with a view to improving the condition of the finances of the Free City. These measures at least indicate that the Government has at last realised the very grave situation of national economy. If the tobacco monopoly prove successful it may be possible to relieve the taxpayer in other directions. The abolition of the tax on the turnover of foreign currency and bills has given general satisfaction, for this eases the situation somewhat for commerce and industry. The Government has also announced its intention to assist economic activities through the present crisis by endeavouring to obtain foreign loans for industry and commerce, even if the Government has to stand security for them. Endeavours will also be made towards a reduction in the interest rates, and the Government is now advancing public money to the savings banks to enable these institutions to lend out cash at moderate interest to the various economic activities needing credit. In order to stimulate industry Government contracts will be given only to Danzig firms, so far as this policy is at all possible. Public funds will also be used for providing productive work for the unemployed. While hoping that these measures will bring about a decided improvement in the general economic situation of the Free City, it is yet too early to judge how far they will be successful in their application.

FINANCE

Report of the Bank of Danzig for 1925.—According to the report of the directors of the Bank of Danzig for the year 1925, which is to be submitted to the general meeting of shareholders at the end of February, the net profits for the year, after making the necessary deductions, amount to Gulden 2,138,730.62. The directors will propose to the meeting that of this total the sum of Gulden 1,456,468.63, representing 19.42 per cent. of the Bank's share capital, be carried over to ordinary reserve, by which the grand total of the reserve account will amount to Gulden 2,059,846.96, or 27.46 per cent. of the total share capital. The Board further proposes to distribute a dividend of 8 per cent. and to carry forward a sum of Gulden 87,368.53, including Gulden 5,106.54 brought forward from the preceding year, to the new account. The actual profits permitted the distribution of a 9 per

cent. dividend, but it has been thought advisable in the interests of the stabilisation of the dividends to distribute no more than 8 per cent., and thus to have available for the coming financial year a dividend reserve equivalent to 1.16 per cent. of the share capital of the Bank.

During the past year the economic crisis in the Free City assumed a particularly acute form, largely due to the unfavourable development of conditions in Poland. The rapid fall of the zloty last July, which led to the introduction of currency and credit restrictions and to a prohibitive Customs policy, provoked a financial crisis in Poland, many of the banks finding themselves in very serious difficulties of payment. Since the trade of Danzig is so closely associated with Poland, the state of affairs in the latter country was bound to react upon the Free City. Trade with Poland was brought practically to a standstill, while the introduction of Poland's tariff conflict with Germany had a most damaging effect upon the trade with her western neighbour. This stagnation in trade led to a decline in the discounting business. The bills of exchange portfolio, which in July touched record figures with about Gulden 21.5 mill. after the Bank of Danzig had accepted zloty bills for discounting, subsequently declined steadily, and the Bank was obliged to rescind the measure respecting zloty bills.

The note circulation, which reached its highest point at the beginning of October with Gulden 35.8 mill., has shown in general throughout the year a regular curve of development, rising at the end of each month and sinking again during the course of the month. Foreign currency and bills followed an irregular course, during the year, this being due chiefly to the characteristic of Danzig commerce in working for the most part on credit in foreign currencies, which results in alternating periods of a run on foreign bills or currency and later on gulden. The credit deposit accounts also fluctuated more in 1925 than in the preceding year. Note cover during the year remained at but little over the legally set limit of one-third. But since the Bank of Danzig has a considerable credit in foreign currencies at the Bank of England, which may be drawn upon for the purpose of covering the note circulation, the effective condition of cover is quite favourable.

At the beginning of the year the Muncipality of Danzig raised a loan of £1,500,000 in Great Britain for industrial purposes, particularly for the extension of the electrical works. The Bank of Danzig participated in the negotiations and in the conclusion of this arrangement and has, according to the terms of the contract, accepted the supervision of the application of this loan, With the exception of the sum of Gulden 9.01 mill., which is still held by the League of Nations trustee, the full loan has been received. It is noteworthy that the transaction exercised but little influence upon the note circulation. The loan has brought an appreciable sum of foreign currency into the Free City, but the requirements of private economy for long-dated credit are still not satisfied. Agriculture, for instance still stands in need of further credit. The Bank of Danzig has endeavoured to ease the situation by the creation of a mortgage bank with a capital of one million gulden. Without participating financially, the Bank of Danzig has in the public interests undertaken the management of this new concern. It is impossible to do without the assistance of foreign capital, since the savings capital in the Free City progresses but slowly. The Bank of Danzig has also granted substantial credit to agriculture for the encouragement of production.

The monetary and credit conditions throughout the year were very strained. The discount rate was reduced to 9 per cent. on March 6 last, and the Bank could not effect a further reduction until the beginning of 1926 (see below). The total turnover of the Bank of Danzig during the past year amounted to Gulden 2,437,578,328.93. From January 1 to March 5, 1925, the rates were 10 per cent. for bills and 12 per cent. for deposit loans; from March 6 to December 31, 9 per cent. for bills and 11 per cent. for deposit loans; the average for the whole year was 9.18 per cent. for bills and 11.18 per cent. for deposit loans. The maximum amount represented by note circulation was Gulden 35,893,505 on October 3, and the lowest Gulden 25,961,860 on January 22, the average for the year being Gulden 30,089,872.70. The total number of deposit accounts at the close of the year was 241, the maximum sum under this heading being Gulden 16,137,380.65 on March 23, and the lowest Gulden 2,956,714.98 on August 26, the average being Gulden 6,984,320.08. To this sum must be added the credit balance of the current account to the extent of Gulden 1,275,868.24. The average cover of note circulation per business day was 46.93 per cent., the supplementary cover amounting to 68.71 per cent. The total cover of note circulation was thus 115.64 per cent. In addition to the legal cover in foreign currencies or bills the Bank also possessed at the close of the year in various currencies or bills the equivalent of Gulden 17,563,460, so that on December 31 the total stock amounted to Gulden 34,242,645. Deposit loans in 1925 amounted to Gulden 20,081,650.76, while the sum of Gulden 18,323,240 was refunded. The profit and loss account on December 31, 1925, stood as follows (in gulden):—

Liabilities.

Trading account	784,335.17
Notes, issues and working costs	24,752.35
Taxes and fees, etc.	26,922.84
Credits	280,983.09
Donation to employees' pension fund	100,000.00
Net profits	2,138,730.62
Total	3,355,724.07

Assets.

Bills and currency account	371,039.77
Interest account—	
Interest on bills	1,598,406.79
Interest on deposits	157,893.10
Interest on current accounts	1,180,013.13
Commission account	48,371.28
Total	3,355,724.07

(*Danziger Zeitung.*)

Bank Rate Reduction.—The reduction in the bank rate, which has prevailed since March 6 last, has not come as a surprise. The Reichsbank recently lowered its rates and the Danzig economic circles naturally expected that the Bank of Danzig would follow the traditional practice of adopting a course similar to that of the German bank of issue, although the discount policy of the Bank of Danzig and also the conditions in Poland were not altogether favourable to such a move. The discount rate has accordingly been reduced from 9 per cent. to 8 per cent.; and the deposit rate from 11 per cent. to 10 per cent. It is possible that the Bank of Danzig was induced to take this step in order to demonstrate to foreign countries that Danzig itself is seriously endeavouring to overcome the prevailing economic crisis. (*Danziger Zeitung.*)

TRADE

Maritime Trade in 1925 and January 1926.—The curve of Danzig's overseas trade is still moving upwards. Despite the prevailing economic crisis in the Free City the tonnage of total shipments during the course of the past year was double that of 1913. The Customs conflict between Germany and Poland may have stimulated the overseas traffic by diverting seawards much of the merchandise that might otherwise have been transported across the land frontier. This, however, is no healthy factor. The depreciation of the zloty, the stagnation in the Polish market and certain other circumstances doubtless brought more loss to Danzig in general than was gained by the exporters through the increase in the maritime trade. Moreover, the Free City does not enjoy the full benefit of the revenue accruing from the activities of the port, since

it receives but 7.6 per cent. of the Customs revenue, the remainder being allotted to the Port Board and to Poland. During the last few months of the year the export trade in coal, cereals, timber and sugar developed quite satisfactorily, but the import trade left much to be desired. Nearly half of the 3,986 incoming vessels entered the port without cargoes, whereas in the year 1913 only 564 out of a total of 2,910 incoming vessels were without consignments. Such conditions do not reflect a sound state of affairs in the maritime commerce.

In the following table the number and tonnage of incoming and sea-going ships of all kinds at the port of Danzig during the past year is compared with the corresponding figures for the three preceding years and with those for 1913, the figures including laden vessels, ships empty and in ballast, and vessels that put into port through emergency :—

Incoming Vessels.

	1913.	1922.	1923.	1924.	1925.
Number	2,910	2,712	2,913	3,312	3,986
Tonnage	924,837	1,423,129	1,701,747	1,635,010	1,869,979

Seagoing Vessels.

Number	2,855	2,697	2,873	3,330	3,958
Tonnage	936,854	1,428,820	1,710,433	1,648,023	1,864,182

During the first half of the year the freight rates were very moderate, and it was by sheer good fortune that many of the shippers were able to realise any profit ; in fact, the heavy losses of the first half of the year were not balanced by the better freight conditions that prevailed during the last six months. In general, the situation of the shippers in 1925 was bad : they were scarcely in a position to meet the classification costs that fall due every four years. Long-dated credit at reasonable rates was not forthcoming and the pressure of taxation was excessive. Unless Danzig's maritime trade is to be relegated to the scrap-heap, effective measures for its immediate encouragement must be taken. It is a delusion to deduce from the traffic returns that the shipping trade is making progress.

The weather throughout the past year was on the whole favourable to Danzig's maritime trade, and fortunately little damage was done by accidents, etc. The work at the port was not disturbed by strikes ; indeed, the dockers and other port workers enjoy better wages than their colleagues in German ports, although the cost of living index has fallen. Improvements of various kinds have been effected at the docks during the year and the capacity of the port increased. We show below the distribution in 1925 of the incoming vessels according to the leading nationalities (excluding the figures of those nationalities whose total tonnage did not exceed 10,000 tons) as compared with the returns for 1924 :—

Flag Index : Incoming Vessels.

	1924.		1925.	
	No. of vessels.	Tonnage.	No. of vessels.	Tonnage.
German	1,550	617,256	1,661	622,326
Danish	415	300,534	458	309,150
British	217	233,510	269	294,244
Swedish	226	81,364	496	189,600
Danziger	474	104,176	613	110,028
Norwegian ...	161	91,082	143	106,610
French	59	82,277	47	61,430
United States ...	16	52,008	13	43,306
Latvian	13	2,307	56	32,744
Polish	76	18,395	55	24,910
Dutch	52	29,097	55	21,667
Finnish	23	2,479	45	12,020

While there was no appreciable change in the tonnage of German, Danish, Danziger and Norwegian vessels entering the port, there was a marked improvement in the tonnage of British, Swedish, Latvian and Finnish vessels, whilst those flying the United States, French and Dutch flags show a falling off in tonnage as compared with 1924.

During the month of January last 354 vessels with a total capacity of 204,559 tons entered the port, and 367 vessels with a total capacity of 221,572 tons cleared outwards, as compared with 215 incoming vessels of 120,533 tons and 221 outgoing vessels of 128,967 tons in January 1925. The improvement is very marked, the increase in the total number of vessels, both incoming and outgoing, being 285, and the increase in the total tonnage representing 78.8 per cent. (*Schiffahrt.*)

FRANCE

POLITICAL AND GENERAL

The Political Situation.—After three weeks of incessant wrangling the Chamber has at last disposed of the financial proposals of the Government. In the mangled condition in which they have been sent to the Senate they provide for a mere increase in revenue of Fr. 1,600,000,000 instead of the Fr.4,000,000,000 which the Government claimed to be indispensable if the needs of the Treasury for the next three months were to be satisfied. The proposed tax on payments, which would have produced some Fr.3,800,000,000, was rejected at the last sitting of the Chamber by 389 votes to 112, notwithstanding which it passed a vote of confidence in the Government by 258 votes to 145. The Finance Committee of the Senate are now considering the financial proposals as amended by the Chamber, and by restoring some of the taxes rejected by the lower branch of the Legislature it will at any rate seek to provide the necessary four milliards which the Socialist majority in the Chamber has denied the Government. In the circumstances it is scarcely surprising that the franc has experienced another fall, being now at 134. Public confidence in the Chamber has been badly shaken, and unless public confidence can be restored, as M. Briand has repeatedly declared, the solution of the financial crisis is hopeless. An indication of public feeling was provided on Sunday last by the result of the most important by-election that has taken place since the general election of May 1924, M. Tardieu, M. Clemenceau's right-hand man, being returned Deputy for Belfort by a majority of 301 over the combined votes of the other two Cartel des Gauches candidates and the Communist one.

FINANCE

Annual Report of the Banque de France.—Special interest attaches to the annual report of the Banque de France submitted to the general meeting of shareholders on January 26 because of the exceedingly grave monetary happenings of the past year, which culminated in an excess of seventeen and a half milliards of francs over and above the legal limit of the advances of the Bank to the Treasury. The General Council of the Bank, says the Report, never ceased throughout the year to direct the attention of the Government to the urgent necessity of every effort being made to restore the financial situation, and only consented to its repeated demands for additional loans in excess of the legal limit on the explicit assurance given by the Government that steps would be at once taken to realise sound monetary and financial conditions, and in order that they might have time to bring the necessary measures into operation. But confronted as it was by duties of a complex nature and decisions extremely critical, the Council never for a moment lost sight of the fact that its essential duty was to maintain the credit of the bank-note, which it is now more than ever convinced can only be maintained and strengthened on the basis of the principles laid down in the statutes of the Bank, quite apart from the needs of the Government. At the outbreak of the war it only granted the first advances to the Treasury in view of the imperative requirements of the national defence, and because of the impossibility for the Government to obtain promptly by loans or taxation the necessary resources ; but even so it insisted that a return to normal conditions should be guaranteed by the explicit pledges as to redemption embodied in the Bordeaux agreement. After the Armistice it opposed the successive demands of the Treasury on the same prin-

ciple with the result that the advances to the Government were limited to a maximum of 27 milliards and the process of redemption was accelerated by the Act of April 22, 1920. Unfortunately these arrangements could not be carried out in their entirety, as the Government, chiefly owing to the prolonged insolvency of Germany, experienced considerable difficulty in obtaining in time the necessary resources to meet the growing charges for reparations and at the same time provide for the Budget expenditure, and they only succeeded in doing so by repeated loans and occasionally also with the temporary assistance of banks and credit establishments to which the Bank of France furnished the necessary means in the shape of regular discounts which involved an increase in the bank-note circulation. But all the efforts made failed to check as promptly as was desirable the rapid course of events, and in the beginning of 1925 it became necessary to raise the limit of the advances to the State, which had previously been reduced to 22 milliards, and that of the issue of bank-notes, until then fixed at 41 milliards. The whole of the correspondence between the Bank and the Government, and a full account of the development of the crisis, were laid before Parliament before it was asked to ratify by the Act of April 15 the Convention concluded between the Government and the Bank to increase the amount of the latter's advances by 4 milliards and to raise the bank-note circulation to 45 milliards. This Convention furnished the Treasury with what the Government deemed ample resources, and the Bank had reason to expect that the breathing space afforded it would enable the Government to realise the financial restoration of the country. On the contrary, the inflation served but to aggravate the evil under cover of a mitigation of its symptoms, and within less than three months the Government was seeking leave to negotiate with the Bank for a further advance of 6 milliards. The Council General, yielding to the force of circumstances, conceded the advance, which was primarily intended to afford the Government time to effect a settlement, and to discuss and bring into operation the necessary measures to balance the Budget and place the Treasury on a sound footing. At the same time, with a view to giving the Treasury a certain measure of security as a result of the consolidation of a portion of the short-term debt and of the floating debt, an exceptionally advantageous loan was floated by the Government. In order to avoid inflation the payments due by the Treasury should have been fully covered, not by a further issue of paper money, but by means of normal credit operations, the success of which, however, as the General Council had always advised, must depend on full public confidence. At the end of November, and for the third time since the beginning of the year, the necessary measures to stop inflation not having been passed, the Bank was faced with two requests for a further advance, the first on November 23 for one of 1½ milliard in order to provide the Treasury with the necessary notes to meet its immediate disbursements, and the other on December 4 for 6 milliards to supply the Treasury with fresh resources. Again the General Council conceded the demands of the Government, but on the express stipulation that no further one should be made, and it now insists that the final breathing space allowed it should be taken advantage of, without the loss of a single day, not only to realise a balanced Budget, but to strengthen public confidence and to ensure a renewal of normal subscription of National Defence bonds, the waning demand for which was one of the chief causes of the recent difficulties of the Treasury.

The Report goes on to show the disastrous effect that the increase of the Bank's loans to the Government and the swelling of the paper currency had had on the rates of exchange, followed by a rise of 14½ per cent. in retail prices and by one of 25 per cent. in wholesale prices, which are bound to rise further if the value of the franc is not readjusted. A gratifying aspect of the situation, notwithstanding all these drawbacks, is the increased output of the iron and coal mines and of the agricultural industry. The production of iron and pig iron approximated last year to the pre-war output, while that of steel was considerably in excess of it; the output of coal will likely be 2 mill. tons in excess of the 1913 output; and the production of cereals was higher than in any year since the war, the wheat crop reaching a total of 89 million quintals, or 13 million quintals more than in 1924, due to a considerable increase in the yield per hectare.

Metal Reserve.—The following are the particulars of the Bank's metal reserve:—

	Fr.
December 24, 1925	5,868,158,000
December 24, 1924	5,850,860,000
Increase	17,298,000
Gold in hand, 1925	5,548,089,000
Gold in hand, 1924	5,545,119,000
Increase	2,970,000
Silver in hand, 1925	320,069,000
Silver in hand, 1924	305,741,000
Increase	14,328,000

On December 24, 1925, the gold reserve was made up as follows:—

In the Bank	3,683,768,000
Deposited abroad	1,864,321,000
Total	5,548,089,000

Liquid assets and credits abroad.—At the close of the year the Bank's liquid assets and credits abroad amounted to Fr.564,075,000 as compared with Fr. 569,629,000 on December 24, 1924, or a decrease of Fr.5,554,000. The dollars provided by the 1924 American Loan, the amount of which was handed over to the Bank, have been carried to a special account in view of the conditions governing their eventual use.

Discount and loan rates.—The discount rate was reduced from 7 to 6 per cent. on July 9, 1925, while the rate of interest on advances was maintained at 8 per cent. Advances on securities during the year amounted to Fr.30,651,003,000 as against Fr.31,544,997,100 in 1924, or a reduction of Fr.893,994,100.

Advances to the State.—As previously stated, the maximum legal limit of temporary advances to the State since the beginning of the war, which on January 1, 1925, was fixed at 22 milliards, was successively raised in the course of the year to 26 milliards on April 7, to 32 milliards on June 30, and to 39½ milliards by the Conventions of November 24 and December 7. The balance of this account on December 31 stood at Fr 954,625,713.22. The Treasury has rounded this sum off at a milliard by appropriating the difference at the exchange value from the Morgan Dollar Loan. The balance of the reserve and redemption fund account thus raised to one milliard was used to reduce the State Debt, which was reduced from Fr.35,950,000,000 to Fr.34,950,000,000. The maximum of the authorised advances was in consequence reduced from 39½ to 38½ milliards.

Redemption Fund.—The amount paid into the reserve and redemption fund account opened in pursuance of the Acts of Dec. 26, 1914, and Dec. 20, 1918, amounted on Dec. 31, 1925, to Fr.5,184,020,001.07.

Profit and Loss Account.—The particulars of this account are shown in the following statement (in millions of francs):—

Profits after deducting payments made to the redemption fund under the Acts of Dec. 26, 1914, and Dec. 20, 1918	704.9
Expenses of administration, purchases of land and buildings, payments to provident and pensions fund, and allowances to staff	325.5
Net profit	379.4
Add rediscount from second half of 1924	23.7
Brought forward	2.0
Total	405.2

Less—		
State taxes	210.2	
Interest on redemption fund account	2.0	
Additions to capital from the rise in the discount rate above 5 per cent. and in the rate of interest on advances above 6 per cent. ...	79.9	
Sum set apart for current risks	76.0	
Re-discount second half-year	19.3	
Brought forward	0.8	
		388.4
Net profits		16.7
Revenue on investments		37.9
		54.6
Dividend at the rate of Fr.300 per share, less income tax (182,500 shares of Fr.1,000)		52.9

(*Information Financière.*)

INDUSTRY

Growth of the Artificial Silk Industry.—The world output of artificial silk in 1924 reached a total of 65,000,000 kilogrammes; in 1925 it rose to 80,000,000 kg., and it is estimated that in 1926 production will amount to between 110 and 120 kilogrammes. In 1924 France produced some 6,000,000 kg., which was entirely consumed in the country, besides imported supplies which brought the total up to 6,300,000 kg. as against 3,500,000 kg. in 1923. In 1925 the consumption increased to 7,000,000 kg., 50 per cent. of which by the hosiery trade, 30 per cent. by the weaving mills and 20 per cent. by the ribbon and lace trades. For purposes of comparison it may be stated that the consumption of natural silk in France rose from 5,100,000 kg. in 1913 (after falling to 3,800,000 kg. in 1920) to 6,200,000 kg. in 1924, nearly the whole of which had to be imported, as only some 300,000 kg. are produced in the country.

The annual output of artificial silk goods at Lyons in 1917 represented Fr.3.5 mill., Fr.15 mill. in 1918, Fr.800 mill. in 1924, and over Fr.1,000 mill. in 1925. Per contra, the Lyons natural silk industry, which still holds the lead as regards value and produces principally for export, shows the following results (in millions of gold francs):—

	Output.	Exports.
1913	467	429
1920	841	706
1923	821	633
1924	816	806

In 1925 the output, according to the returns of the Association of Silk Manufacturers, attained a value of over four milliards of paper francs.

M. Fougère, President of the Federation of Silk Industries, refuses to regard the artificial and natural silk as competitors. To his view the two industries are on different lines and will find an increasing trade in the various markets, without in any way injuring their respective consumption. Artificial silk will chiefly serve the purposes of new requirements especially for fashions and ready-made garments, hosiery and lace-making. In combination with cotton and wool, an industry which principally is in Northern France, it will lead to the production of new tissues for cheap clothing and serve the luxury trade in upholstering. Natural silk, on the other hand, will be more extensively used for women's garments and under-clothing, and in aeronautics, gun-carriages, electric isolators, and so forth. Finally, both the artificial and natural silk industries have less to fear from the effects of an economic crisis than almost any other industry. (*Nord Industriel.*)

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GERMANY

POLITICAL AND GENERAL

The Reparations Agent's Report.—An article by Dr. Reichert in the *Deutsche Allgemeine Zeitung* discusses the Report of the Agent General for reparations contributions for the first reparations year 1924–25, which, he maintains, claims as much careful attention as the political statements of the Reich Government. After regretting a certain amount of inaccuracy in the German rendering of the report, which was drawn up in English, and pointing out that it will form the basis of universal judgment on Germany's economic resources, currency and financial policy, and also on the activities of the transfer committee, the commissioners and trustees, he quotes the Reparations Agent's summing up of the general situation: "Germany's trade and industry are confronted with the double problem of replenishing capital and transforming working methods in correspondence with existing conditions. This has led to something like a crisis in several industries."

This statement he considers an excessively mild view of the most gigantic economic crisis that Germany has been called upon to pass through for a hundred years. The chief inadequacy of the Reparations Agent's summing up lies in the complete ignoring of agriculture, which is all-important to Germany's economic well-being. Even in the body of the hundred page report this momentous subject is dismissed in a dozen lines and a six lined column of figures comparing the 1925 harvest with the pre-war average harvests from 1911 to 1913. It is a matter for grave consideration that Germany's harvest for 1925 for the various sorts of grain was from 17 to 25 per cent. behind the average pre-war result according to the present boundaries of the Reich. Compared with the former Reich boundaries it was even from 20 to 30 per cent. less. How, then, can it be maintained that "the production and sale of goods have begun to resemble that of pre-war years" when the German grain harvest is less by a quarter? Nor can the serious results of the under-valuation of agricultural in favour of industrial products be overlooked. The result to agriculture is that her buying power is reduced by one half or two thirds of pre-war capacity. The effect upon trade and industry of the wretched situation of agriculture is only beginning to make itself felt, but when it is more fully developed it is likely to be of a most serious nature.

The observations under the heading "Progress in the transformation of Germany's Trade and Industry" cannot be allowed to pass unquestioned. This is particularly the case with the figures for the coal, coke, iron and steel output, and for the total goods traffic on the Reich railways. Purely fictitious figures are used in comparing present output with a "pre-war output of

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Germany in her present dimensions." It is with the population rather than with the area that we must reckon, and Germany's population has increased enormously within the present boundaries since the war. The last census showed 63 million souls, and includes just as many busy hands and hungry mouths as the pre-war census in 1909.

All statistics comparing pre-war and post-war production should be reckoned per head of the population, and not per square metre of territory, otherwise a completely false conclusion will be arrived at. Even in comparison with 1913 figures the German population is little below pre-war strength. The monthly average hard coal output amounted in 1925 to only 11 mill. tons as against 15.84 mill. tons in 1913. The present hard coal output must therefore be increased 40 per cent. in order to reach pre-war proportions. The situation is similar with regard to iron and steel. Here, too, a 40 per cent. increase is required to regain pre-war standard. The statement of the Agent-General that the total German coal output for 1925 has exceeded that of 1913 and that to-day's steel output is 7 per cent. above the 1913 figures leads therefore to entirely false conclusions.

There is no doubt that the difference between the output of Germany in her former boundaries and that within her present boundaries is perfectly well-known in the Agent General's office, but in order to prevent a false impression being given to foreign countries it should be urged that the publication of such fictitious figures should cease.

In discussing Germany's economic situation the Reparations Report brings forward the returns of the State Railways, and compares them with an "estimated" monthly average in 1913, giving a goods average for that year of 33,250,000 tons as compared with 32,900,000 tons in July 1925, or only 2 per cent. less than in pre-war times. Here, too, the fictitious figures are deceptive. Although good results have been secured in goods transport on the State railways, the 1924-25 returns represent only 75 to 80 per cent. of the pre-war returns, not 98 per cent.

It is not only in the Reparations Agent General's Office that this misuse of figures is practised, it is also common in all Government offices, and the Reich Government is directly responsible. It is high time that this system of juggling with figures should be brought to an end.

If the harvest shortage and the decrease in the coal and steel output, as well as the falling off in railway traffic and many other economic branches, are taken into consideration, the comparison with pre-war production to the living population of Germany shows a drop of 25 per cent.

This decrease in production, reckoned over the whole population and per head of the population, accounts for the individual and general misery and renders the burden of taxation and reparations unbearable.

Unfortunately Germany's production has not by a long way begun to regain pre-war proportions either in quantity, price or profits; and consequently not in maintenance or savings, income or capital.

FINANCE

Improved Conditions on the Bourse.—The upward movement in January has led to a considerable improvement in Bourse quotation rates, as the following table drawn up from all the shares quoted on the Berlin Bourse will show :—

Percentage of Gold Parity.	Values.	1926. End of Jan. Percentage.	1925. End of Dec. Percentage of total.
Under 50	346	38.9	46.4%
From 50 to 75 ...	228	25.6	27.7%
,, 75 to 100 ...	182	20.5	16.1%
,, 100 to 150 ...	117	13.1	8.7%
Over 150 ...	17	1.9	1.1%
Total ...	890	100	100

According to this table 15 per cent. of all shares stood above par at the end of January as against 9.8 per cent. at the end of December, and 85 per cent. below par as against 90.2 per cent. at the close of the previous month. The number of securities under 50 per cent. has considerably decreased (38.9 per cent. as against 46.4 per cent.). The greatest relative increase is shown in the categories of shares standing between 75 and 100 per cent. and between 100 and 150 per cent., and the number of shares over 150 per cent. has increased to a quite considerable extent. The January result corresponds approximately to that of September 1925, so that the present improvement has not exceeded the recent results. Only shipping and mining shares show any noteworthy improvement beyond last year's level. The shares of the electrical companies, the lignite and potash works, and the chemical industries have recovered as compared with December, especially those shares which were about to pay a dividend.

The following table gives a general review of the movement of the more important shares :—

Rate in percentages.

	1925. Mid-Nov.	1925. Mid-Dec.	1926. Jan. 2.	1926. Jan. 26.
Alsen Cement ...	116	127.50	119	136
Berl. Handelsges. ...	129	140.87	135	141.50
Chemische Heyden ...	34.37	59.90	52.62	63.75
Hansa Dampf. ...	81.75	99	102.50	159
Hapag	66.75	93.50	94.12	116
Hemmoor Cement ...	111	131	125.50	140
Norddeutscher Lloyd	70.50	96.50	95.50	135
Orenstein & Koppel	54.12	67.50	57	68.25
Stettiner Chamotte	35	50	47.50	58
Stöhr Kammgarn ...	109	122.87	111	122.50

The rate of the upward movement in shipping shares was much faster than that of the remaining shares quoted above. The amalgamation of the large mining concerns brought about an improvement in mining shares, for which orders came in from American, Swiss, English and Dutch financial circles. The movement in mining shares is indicated below :—

	1926. Jan. 2. Per cent.	1926. Jan. 15. Per cent.	Jan. 26. Per cent.
Bochum	55.50	77.50	88.50
D. Luxemburg ...	55	78.25	89.50
Gelsenkirchen ...	59.25	84.50	91
Harpen	83	105.25	108.75
Mannesmann ...	46.12	65.75	75.88
Phoenix	55	72	77
Rheinstahl ...	44.12	59	69.38

In other branches of the market the movement was very much slower. (*Hamburger Fremdenblatt.*)

INDUSTRY

Rolling Mills Output.—According to statistics published in the *Frankfurter Zeitung*, the German rolling mills output for December was 683,557 tons, representing a decrease of 25,910 tons or 3.7 per cent. as against the

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previous month, and of 206,727 tons or 23.5 per cent. as against December 1924. The total output for 1925 was 10,246,199 tons as against 8,174,320 tons in 1924 (see The Economic Review, January 15) :—

(i) *Goods.*	December 1925.	Jan. to Dec. 1925.	Jan. to Dec. 1924.
Semi-manufactures ...	60,368	951,262	829,769
Railway construction material	156,049	1,498,625	1,052,858
Girders	31,464	676,240	460,500
Bar iron	174,738	2,839,334	2,321,235
Hoop iron	20,506	389,219	281,891
Rolled wire	80,986	1,072,805	908,669
Coarse sheet, 5 mm. and over	42,791	833,016	766,940
Medium sheet, 3 to 5 mm. ...	10,734	173,890	122,364
Fine sheet, under 3 mm. ...	20,143	325,146	236,628
Fine sheet, over 0.32 to 1 mm. inclusive	18,702	362,873	225,522
Fine sheet up to 0.32 mm. incl.	2,775	34,284	24,196
Tinplate	4,650	91,095	86.488
Tubes	37,075	636,834	476,406
Railway Rolling Stock ...	7,263	119,413	206,667
Wrought iron	12,564	183,022	128,482
Other finished products ...	2,749	59,141	45,705
Total ...	683,557	10,246,199	8,174,320
(ii) *Districts.*			
Rhineland-Westphalia ...	543,926	8,160,715	6,616,582
Sieg-Lahn-Dill district and Oberhausen	25,102	450,914	309,020
German Silesia	20,915	286,485	200,627
North, East, and Central Germany	50,613	738,109	612,498
Saxony	26,790	405,478	312,424
South Germany	16,211	204,498	123,169
Total ...	683,557	10,246,199	8,174,320

SOCIAL AND LABOUR CONDITIONS

Fall in Cost of Living.—During January the decrease in the price of wholesale goods was rather greater than in the previous month. The chief factor in this progress in reduction is to be sought in the influence of world markets, which is chiefly felt in Group II. Predominantly rubber experienced a considerable drop in price, owing to the imminent cessation of the Stevenson scheme on February 1, which admitted of increased deliveries to the ports of export. Industrial finished products (Group II.) also showed a considerable decrease. In all the index number for 100 goods has dropped two points as against last month, 49 goods having varied in price, including 39 decreases as against 10 increases.

The following table shows the development of the total index number :—

	Jan. 29, 1925.	Dec. 30, 1925.	Jan. 29, 1926.
Group I.—Foodstuffs and beverages	148.04	142.17	139.05
Group II.—Textiles ...	187.12	176.14	167.14
Group III.—Minerals ...	141.26	133.99	133.99
Group IV.—Various... ...	130.21	132.89	132.13
Group V.—Industrial finished products	141.87	141.07	139.70
Total index number ...	147.14	143.56	140.69

In Group I., in which 13 goods are below and 3 over the previous month's prices, the decrease amounted to 2.2 per cent., the heaviest decrease being in rubber.

Group II. shows against 9 decreases in price one slight increase (cotton). This group stands 5.1 per cent. lower than the index number for the end of December.

In Group III. (Minerals) the coal and iron prices remain unchanged, and 5 prices are lower than in December. There were no increases and the index number dropped 1.5 per cent.

Group IV. is 0.6 per cent. lower, 7 prices being reduced and 4 prices showing increases. The alterations, except in the case of benzol, are negligible.

Group V. shows 5 decreases in price in iron and textile finished goods and 2 increases in motor tyre and insulating tubes, the index number standing 1 per cent. lower than in the previous month.

The comparison of 10 foodstuff prices in wholesale and retail trade shows a decrease of 1 per cent. for the former and 1.8 per cent. for the latter, the drop in the price of eggs being the chief factor.

Wholesale and Retail Foodstuffs.

	Wholesale.	Retail.
Dec. 31, 1924	171.16	163.04
Apr. 29, 1925	143.09	145.37
July 30	156.58	156.72
Aug. 31	151.10	146.07
Sept. 30	152.35	150.36
Oct. 30	149.75	150.49
Nov. 30	150.96	152.28
Dec. 30	149.18	150.77
Jan. 29, 1926	147.78	148.00

The capital goods prices have maintained their backward tendency since the end of November 1925 under pressure of the sales stoppage, the index number having sunk to 154.1 (end of December 1925, 155.2). The consumption goods price index number has also dropped to 141.4 (end of Dec., 143.3) per cent., owing to decreases in the price of some alimentary goods and industrial consumption commodities. (*Frankfurter Zeitung.*)

COMMUNICATIONS

Shipbuilding Statistics.—In considering Germany's position from the point of view of shipbuilding statistics, it is at first sight surprising to note that from a purely numerical standpoint the number of German ships launched in 1925 gives a total of 402,712 tons, as against 175,113 tons in the previous year. It would appear that the industry must be in a far better position than was generally supposed, as these figures show an increase in finished ships of 175 per cent., and even approach the 1913 output of 465,226 tons. The true position is, however, more clearly seen in comparison of the number of ships launched with the number of new orders received. The contracts in hand in German shipbuilding yards on December 31, 1925, amounted to only 234,145 tons, and during the last quarter of 1925 only 3,715 tons of new construction was begun. The development during 1925 was as follows (in tons) :—

	Launchings.	Contracts in hand.	New Contracts.
1st quarter	102,909	405,476	52,739
2nd quarter	119,247	407,366	47,001
3rd quarter	86,769	306,626	21,850
4th quarter	93,788	234,145	3,715

These figures lead to the following conclusion. During the first two quarters of the year the largely inflated shipbuilding activity in 1924 led to increased completions and launchings, while a fairly large volume of contracts were in hand, assuring continued occupation for a certain proportion of the shipbuilding plant. Then the number of launchings dropped, the volume of contracts shrank, and new contracts show an appalling decrease during the last two quarters of the year. The final result at the close of the year was a situation so desperate that it was thought that nothing short of the formation of a shipbuilding trust or working amalgamation could save the industry.

The situation has, however, already changed for the better. Although the year 1925 closed with only 3,715 tons of new contracts, and 234,145 tons of contracts in hand, most of which were nearing completion, during the month of January a variety of new contracts have been received by the shipbuilders amounting to some 60,000 g.r.t., not including small craft. (For details of January contracts see The Economic Review, Feb. 5, p. 114.) It would be safe to estimate the total new contracts at 70,000 tons, which with the contracts in hand at the close of 1925 gives a present volume of contracts of about 300,000 tons. This figure, though small compared with the tonnage in hand in the earlier quarters of 1925, is still far above the degree of activity shown in the final figures of Lloyds' statistics.

Unfortunately the capacity of the shipbuilding yards is still only utilised to about 33⅓ per cent., and it cannot be expected that this proportion will be increased beyond 45 or 50 per cent. by any further contracts that may be destined for the shipbuilders. The numerical shortage of contracts is not the only evil from which shipbuilding is suffering. The losses involved in executing

new contracts run into many millions. The Howaldt Works alone lost 6 millions on the construction of 10 tank steamers for the German-American Petroleum Company. However, the price of production has since somewhat decreased, both the price of shipbuilding steel works and the freight charges having been reduced. Taxes and social contributions, on the other hand, have rather risen than decreased, whereby German competition with other countries whose shipbuilding is not so burdened, and indeed is often subsidised by the State, is greatly hampered. (*Kölnische Zeitung.*)

LATVIA

POLITICAL AND GENERAL

General Economic Situation.—Statements made by the Minister of Finance and published in *Rigas Sinas* shed some light on Latvia's general economic position.

In connection with the agreements entered upon by the State for the purpose of regulating foreign debts, a question has arisen as to whether Latvia is in a position to fulfil her foreign engagements. The Minister of Finance points out that Latvia has already settled her debts to France, Norway and Lloyds Bank, which represented no small sum, without the slightest difficulty. The payment of the debts to England and the United States will involve a yearly sum of Lat.3 mill. This sum is not so great as to involve difficulties in paying it; indeed, Latvia's foreign debts as a whole are not large as compared with other States.

The Government will do all in its power to improve the balance of trade. The export of agricultural products is being energetically promoted, and endeavours are being made to supply the home demand entirely out of home production. One means for increasing export is represented by the new tariff, which constitutes a form of protection. Its chief aim is the development of production.

In the Budget the Lat.2 mill. allotted to export credits has been cancelled, but this credit will be renewed when the foreign loan has been arranged for. Export to Russia has greatly increased. Large contracts for metal, leather and paper goods have been effected and large quantities of clover seed have been sold. The Bank of Latvia promotes these exports by means of credits, sanctioned by the Council.

The flax trade is very quiet, and the foreign demand very small. The Ministry of Finance is maintaining the former prices notwithstanding the state of the market. Hitherto about 12,000 tons of the new flax crop has been sold. The supply is considerable, especially from Lettgallen, and the quality is better than was expected.

It is regrettable that some of the flax centres pay the producers in cheques instead of money. These cheques can be exchanged for goods at the local stores. This proceeding will not be tolerated by the Ministry of Finance, and orders have been issued insisting on payment in money only. Non-observers of the order will be fined, and an enquiry has already been instituted.

FINANCE

The Budget for 1926-27.—The Ministry of Finance balanced the new State Budget on December 3, 1925, and placed it before the Cabinet for discussion. It showed a total of ordinary and extraordinary revenue and expenditure amounting to Lat.155,775,000, or Lat.4,400,000 less than in 1925–26.

Revenue has been increased by the raising of several unimportant items, and the restriction of expenditure has been arrived at by ruthless cutting down. The maintenance of State has been subjected to the heaviest reduction, amounting to some millions of Lats. Subsidies paid to various artistic institutions have been cancelled, with the exception of the State contributions to the National Opera and National Theatre, and about Lat.1,000,000 has been saved by the dismissal of 1,491 officials from various State departments.

It is later reported that, whereas in the past financial year the State revenue exceeded the sum estimated in the Budget by Lat.2 million, the following deficits must be reckoned with for the current financial year: In Forest exploitation, Lat.5 mill.; Customs, 4 mill.; Excise on beverages, 1.5 mill.; Spirits, 1 mill.; Flax monopoly, 1 mill.; Credit operations, 2 mill.; and Railway returns, 2.5 mill.—making a total of Lat.17.5 mill.

The Ministry of Finance will have to find means to balance this deficit. (*Rigasche Rundschau.*)

TRADE

Foreign Trade Returns for October.—Latvia's foreign trade in October amounted to Lat.45.22 mill. with a turnover of 154,670 tons, as against Lat.43.31 mill. in September. Imports experienced an increase in value of 5 per cent. and amounted to Lat.28.47 mill., while exports experienced little change with a value of Lat.16.75 mill. as against Lat.16.33 mill. in the previous month.

Exports were divided as follows over the main categories of goods (in millions of Lats):—

	October 1925.	September 1925.
Raw materials	9.65	8.6
Manufactures	3.02	2.5
Foodstuffs	4.63	5.06
Live stock...	0.02	0.08
Precious stones and metals	0.04	0.09

The export of butter, for which Germany and England are the chief customers, fell from Lat.4.38 mill. in September to Lat.3.58 mill. in October. Timber exports, of which 67 per cent. goes to England, also dropped from Lat.3.83 mill. to Lat.3.53 mill., while linseed exports increased very largely, from Lat.0.16 mill. to Lat.3.32 mill. in October. Flax exports dropped by one half, from Lat.2.8 mill. in September to Lat.1.3 mill. in October. England, Germany, Belgium and France participate fairly equally in the linseed export, while Belgium is the largest flax customer, England coming second. Of the remaining export articles England takes 97 per cent. of the meat, Soviet Russia 64 per cent. of the paper, and Germany 83 per cent. of the linen yarn. England and Germany are Latvia's largest customers for her total imports, followed in order by Belgium, Russia, Lithuania, Poland, France and Finland.

Imports in the first ten months of 1925 are estimated at Lat.236.3 mill. (in 1924 216 mill.) as against exports totalling only Lat.144.6 mill. (in 1924 127.5 mill.). The whole goods turnover has increased by 10 per cent. as compared with 1924, exports having increased 12 per cent. and imports 9 per cent. Nevertheless the trade balance has depreciated by a further 3.5 per cent., the deficit amounting to Lat.91.7 mill.

October imports were distributed as follows over the main groups (in millions of Lats):—

	October 1925.	Jan. to Sept. 1925.
Raw materials ...	7.95	47.69
Manufactures	13.37	96.37
Foodstuffs	6.78	60.11
Live stock	0.29	3.19
Precious stones and metals	0.07	0.52

Raw materials imported include: Textiles (wool, cotton, hemp), 4 per cent.; iron, wire, tin, etc., 2.8 per cent.; cement, 0.4 per cent.; rubber, resin, etc., 0.5 per cent.; hard coal, 4.3 per cent.; seeds, 7.8 per cent.; copra, 0.6 per cent.; and hides, leather, etc., 5.7 per cent. of the total.

Of manufactures imported textile materials are by far the most important, representing 21 per cent. of the total imports. In October textile materials to the value of Lat.6,034,000 were imported as against 6,673,000 in September. In the first ten months of 1925 this import amounted to Lat.44.7 mill. Agricultural machines and metal goods take second place with a value of Lat.2.8 mill. in October (January to September, Lat.22.2 mill.). Other imports include

chemical products (Lat.2.01 mill.), dyes and dyestuffs (Lat.0.16 mill.), tanning materials (0.07 mill.), cosmetics (0.09 mill.), rubber goods (284 mill.), artificial manure (0.35 mill.), paper and printing (0.26 mill.), ceramics (0.25 mill.), various (1.89 mill.).

Of the foodstuffs imported 13 per cent. consisted of grain, which did not contribute to the improvement of Latvian agriculture. The following table shows Latvia's grain imports in October and in the first nine months of 1925 (in millions of Lats):—

	October 1925.	Jan. to Sept.1925.
Wheat	1.26	13.68
Rye	2.32	14.15
Oats	0.03	1.92
Barley	0.08	1.13
Rice	0.13	0.84

Germany was the chief source of the grain imports, followed by Denmark (wheat and rye), Lithuania (rye, oats and barley), Poland (all varieties), Russia (wheat and rye), Holland (wheat), America (wheat and rye), and Danzig (rye).

Latvia's transit trade showed an increase of 14 per cent. during October, amounting to 40,368 tons, distributed as follows:—

	October.	September.
Raw materials	32,367 tons	26,904 tons
Manufactures	2,247 ,,	3,455 ,,
Foodstuffs	5,654 ,,	5,812 ,,
Live stock	16,386 head	334 head

The neighbouring States participated as follows:—

	October.	September.
Russia	19,868 tons	20,231 tons
Lithuania	6,626 ,,	6,594 ,,
Poland	12,336 ,,	9,163 ,,
Esthonia	2,820 ,,	1,543 ,,

(*Rigasche Rundschau.*)

AGRICULTURE

Harvest Statistics.—The State Office of Statistics has just concluded its labours in connection with the harvest results for 1925. Expectations have on the whole not been fulfilled, and the result can only be described as a medium one.

The rye harvest (winter and summer) gives the following figures:—

	1925. Cultivated area in thousands of hectares.	1925. Crop in tons.	1924. Cultivated area in thousands of hectares.	1924. Crop in tons.
Livland ...	71.6	88,020	67.6	56,400
Kurland ...	45.2	61,960	48.3	67.410
Semgallen	61.4	84.280	61.0	46,100
Lettgallen...	88.3	80,830	89.2	59,460
Total	266.5	315,090	266.1	229,370

Thus the year 1925 shows an increased production of 115,720 tons, or 58 per cent.

The wheat harvest statistics (winter and summer) are as follows:—

	1925. Cultivated area in thousands of hectares.	1925. Crop in tons.	1924. Cultivated area in thousands of hectares.	1924. Crop in tons.
Livland ...	13.4	13,867	13.0	12,380
Kurland ...	9.7	11,957	9.7	8,720
Semgallen	20.6	28,960	17.1	19,650
Lettgallen...	4.4	4,129	3.2	2,300
Total	48.1	58,913	43.0	43,050

This year's harvest, therefore, exceeds that of 1924 by 15,863 tons.

As regards the cultivation of potatoes in 1925, while the cultivated area has increased by 4,200 hectares, the harvest has only increased by 74,757 tons, or 11 per cent. This increase, as compared with last year's bad harvest, is very small; indeed the potato crop has even fallen off in some districts. The worst result was in Lettgallen, and the best returns came from Kurland notwithstanding that the cultivated area has somewhat decreased. (*Rigasche Rundschau.*)

SOUTH AMERICA

GENERAL ECONOMIC CONDITIONS

Annual Report of the Bank of London and South America on the Different South American States.—Some important information on the present economic conditions and also on those prevailing throughout the past year in the different States of South America is conveyed in the Annual Report of the Bank of London and South America. We give below a précis of the salient features of this document.

The first section of the Report deals with the situation of the Bank itself at the close of the year. Since the Bank's activities are so largely bound up with the economic conditions in South America it is well perhaps to reproduce here some of the outstanding items. The present Report and balance-sheet, as the Chairman pointed out in his address, is the first real complete one for twelve months since the amalgamation of the London and River Plate Bank and the London and Brazilian Bank. Last year, owing to the fact that the dates of the balance-sheets of the respective banks did not synchronise, the figures submitted represented a year's activity of the London and River Plate Bank and twenty months' activity of the London and Brazilian Bank. A comparison between the profit and loss account to date with that of the preceding year is, therefore, not altogether exact. This fact has to be borne in mind in studying the figures and in forming a just estimate of the progress that has been made. On the liability side the Bank's capital and still larger reserve remain the same; in fact, there is not a very striking variation in any of the figures as compared with the preceding year. The acceptances account is down by about £2,000,000, while the current and deposit accounts at branches show an improvement of about £500,000, largely the result of the increased value of the South American currencies. The sterling current and deposit accounts in London show an increase of approximately £900,000, and the currency emission account at Montevideo remains at roughly the usual figure. Bills for collection have increased by nearly £1,000,000, which is a welcome sign of the extension of Great Britain's export trade. There is an increase of some £30,000 in the rebate account.

Under the assets cash appears at approximately £2,000,000 less, while bills discounted and advance accounts have risen to a similar extent. A reference is made to the depreciation of capital employed abroad, and it is shown that there has been an improvement of about £300,000. The bills for collection figure as per contra and the premises account stands at £200,000 more. The latter item will be reduced by the receipt of the proceeds of the sale of the London and Brazilian premises in Buenos Aires and of other unnecessary branch buildings.

The gross profit in the profit and loss account appears to be rather over £100,000 less than in the preceding year; but in this respect it must be remembered that the previous year's figures included an extra eight months' profits of the London and Brazilian Bank's branches. The available balance of profit, after placing considerable sums to the inner reserve, stands at £725,100, which is about £100,000 more than in 1924. The year has been a good one, and the Bank has reaped the benefit of greater activity of trade in South America. The Bank proposes to distribute its profit by increasing the dividend to 11 per cent. for the year and by voting £66,000 as a bonus to the staff. This leaves a balance of £411,300 10s. 6d. to be carried forward.

ARGENTINA.

During 1925 Argentine production and export equalled the figures of 1924 neither in volume nor in value; nevertheless, the conditions among producers are financially favourable. The export season ends with a surplus of cereals and wool in hand, but even at current prices the agriculturist is well rewarded and his

prosperity is greater than it has been for many years past. This has been reflected in the avidity with which rural property has been bought when large lots have been subdivided, while the general movement of the railways, as shown by the traffic returns, also testifies to the satisfactory state of affairs up-country. Pastoral interests have benefited by a substantial advance in the price of cattle. New freezing works at Rosario and in the southern port area of Buenos Aires indicate the prospect of a period of prosperity for the cattle industry. Wool suffered from the world-wide decline in the staple. The new season sees no improvement in price. The clip in 1925 was small but of good quality. In hides and miscellaneous produce the values have been well sustained, and cotton exports, though still small, are increasing and are sufficient to show that this new product for Argentina is obtaining a firm footing.

The past year was marked by an absence of labour unrest; there were no disturbances of importance, and the various industries have been able to absorb all the available labour. The immigration, though small in numbers, has been of unusually good quality, and many of the new settlers are in a position to finance themselves over the first difficult years. The railways, in collaboration with the Ministry of Agriculture, have done much to foment all new initiatives tending to increase production, and the problem of the roads as feeders of the lines is having full attention. The National Government has laid a Bill before Congress embodying a widespread scheme of road construction.

With regard to the import trade, the official returns for the first six months of 1925 show an increase of $46 mill. (gold) in imports over the corresponding period of 1924. The estimated real value of the total imports is given as $438,373,857 (gold), as against $412,254,969 (gold) for the corresponding period of 1924. Competition is keener than ever, especially in the textiles, both cotton and woollen; yet there is good reason to think that Manchester and Bradford are improving their position. Local manufacturers are changing the character of Argentina's imports and are creating an ever-growing demand for appliances, machinery, and semi-finished material capable of being worked up with locally produced raw materials. In all classes there is less promiscuous expenditure by Argentine buyers nowadays, and much closer attention is paid to the practical utility and inherent value of their purchases. The sound position of the banks has been maintained throughout the year, both deposits and cash reserves showing an appreciable increase. It may be affirmed that the results of previous years abundantly show that Argentina's banking system may be considered on the whole eminently satisfactory and well fitted to meet the country's need. During the period under review Argentine exchange has been steadily advancing, until it now stands nearly at par. The crop prospects are generally satisfactory, especially in regard to linseed and oats, of which the exportable surplus is estimated at 1,400,000 and 800,000 tons respectively. Maize has been extensively sown and is in excellent condition.

Brazil.

The course of Brazil's finances during the past year has given cause for considerable appreciative reflection. In May last the value of the milreis was quoted at a little under 5d., whereas during October the average rate was in the vicinity of 7½d., thereby showing an advance of 50 per cent. in the sterling value of the currency. It is evident that the conditions that justify such an emphatic improvement in so short a time can scarcely be of an ephemeral nature. It should not be assumed that this advance in exchange has been capriciously manipulated, nor that the recent measures of deflation are solely responsible for the brighter outlook. Rather, the improvement is due to the fact that the sound policy of retrenchment, reorganisation and consolidation of the nation's finances steadily and conscientiously carried out by the present Government for the past three years, though disastrously checked by the sedition that broke out in the middle of 1924, is now bearing good fruit. This fact is generally recognised both within and beyond the country's borders. The administration of Dr. Arthur Bernardes has accomplished a most difficult and efficient work. Among the principal features of reform which the Government has enacted are a more vigilant supervision of the taxes, the prospect of Budgetary equilibrium, and the imposition of a scaled income tax on private individuals and commercial firms. It is understood that the proceeds of this tax will be primarily allocated to the amortisation of certain sterling loans which was suspended from the beginning of the war till August 1927. The subversive elements in the State have been dissipated and internal order is re-established throughout the country. Consequently, the state of siege which has long been operative in several States is being gradually suspended.

Despite the oppressive burden which low exchange rates have imposed upon Brazil during the past three years, a very satisfactory feature in the financial administration is that the interest on her foreign and internal loans has been regularly met, and, moreover, no new external loans have been contracted for by the Federal Government. This latter fact is the more praiseworthy in face of the stressful monetary conditions that have borne upon the country in recent years. The finances of several States show emphatic improvement, those of Bahia in particular. With the benefit derived from the higher prices from rubber, Para and Amazonas States are assured of increased revenues.

During the period from January to October 1925 paper currency was withdrawn from circulation to the extent of nearly 243,000 contos, equal to about £7,000,000 sterling at current rates. During the same period the gold specie held in nominal guarantee of currency was increased by some £500,000, the present total approximating £11,600,000. For many months there has been a severe stringency in the circulating medium of the country. This was partly due to the low parity to which the milreis value had declined, in consequence of which a much larger volume of currency was required for business operations. The shortage of money was intensified by the somewhat drastic withdrawal of notes from circulation during the first half of the year. These two features no doubt facilitated the recent rise in exchange, which, although of inestimable benefit to the country as a whole, was so rapid as to prejudice seriously the interests of those firms who held stocks of merchandise which had been purchased at much lower rates. In consequence, a somewhat critical period is now being experienced.

In recent years the exportation to Great Britain of Brazilian merchandise has shown a steady decrease, the sterling value in 1913 being £8,623,300 as compared with only £3,263,213 in 1924. However, the value of goods purchased by Brazil from Great Britain has consistently increased since the war, and in 1924 sales of British goods to Brazil almost reached the 1913 figure, actually amounting to £16,347,000. Unfortunately, the present export of British coal to Brazil is only 45 per cent. of what it was in 1913, whereas shipments from the United States have increased to nearly three times that of her 1913 sales.

It is doubtful whether the Paulista coffee crop will exceed 8,000,000 bags. The estimates for Rio average 3,500,000 bags, and deliveries through Victoria, Bahia and Pernambuco may reach 1,500,000 bags, giving a possible total of, say, 13,000,000 bags of Brazilian coffee exported from July last to June 1926. The sterling value of coffee exported from Brazil up to the end of October 1925 is estimated at about £53,000,000. The recent improvement in rubber prices is stimulating local industry, and Para rubber is now a more in.

fluential factor in the London market than it has been for several years. The actual position of the cotton industry in Brazil is not particularly encouraging, for a serious setback in the price for the raw product has been registered during the past year, currency values having declined about 50 per cent. Naturally, planters are apprehensive and merchants find themselves in a predicament. But the undoubted facilities which the country offers for cotton production, and the growing consumption by local factories, in addition to the increasing requirements of the British and other mills, all assure a profitable future to the industry as a whole. Such British enterprise as that stimulated by Lord Lovat for extending the cultivation of cotton in Brazil should receive sympathetic consideration in Great Britain.

In comparatively recent years Brazil has elected to nationalise her railways as far as possible and also to undertake the construction and expansion of new lines. The efforts are creditable, but it appears that the transport facilities, both by rail and by road, are inadequate to meet actual requirements, and it may be that the expansion of the agricultural industries is being retarded in consequence. In reviewing the financial situation of the country one feels justified in expressing the opinion that the financial position is sounder than it has been for many years. The standard of integrity has been raised and the progress accomplished under the present administration is probably greater than is generally credited, because the work has been fundamental, conscientious and economically sound.

Chile.

The past year has been rather uneasy for Chile, but happily there are favourable indications that an era of stability, both political and financial, is about to dawn for this progressive country.

The staple industry, nitrate, remains firm and the pessimism expressed in some quarters that natural nitrate was to be rapidly ousted by the synthetic article has little justification. It is true that the manufacture of synthetic nitrate is increasing, but as the great value of nitrate not only as a fertiliser but as a check on parasitical pests becomes more widely appreciated, there would seem to be no reason why the world markets should not be able to absorb the output of both the natural and the artificial product. The total production in Chile during the nitrate year ended May 31 last was 2,410,000 tons, an increase of 190,000 tons over the previous year, while the exports during the same period, 2,566,000 tons, show an improvement of 300,000 tons. Sales for the current nitrate year show no diminution, and to the middle of November 1,400,000 tons had been sold for delivery this season. Despite the earlier menace of drought, which was averted by later rainfalls, farming prospects are favourable. Although this industry is not so vital to Chile as it is to its neighbours on the other side of the mountains, it is of great importance in supplying the country's own needs. The yield last season of barley and other cereals permitted exports of these commodities to the value of £2,500,000 sterling. The copper output was somewhat lower in 1924, being valued at £10,000,000 as against £12,000,000 in 1923. The total exports of Chile were valued at £45,110,000 in 1924 and the imports at £27,244,000, the balance in her favour being nearly £18,000,000. It should be realised that the trade of the country proceeds steadily in spite of difficulties arising from disturbed politics and a fluctuating exchange. It is reported that these difficulties will shortly be eliminated; it would, therefore, seem not unduly optimistic to look forward to an era of stability. The new President, Señor Emiliano Figueroa, received on his election the support of all the political parties, and as he has already had experience in the Presidential chair, to which recent reforms in the Constitution give more extended powers than formerly, his influence for political quietude should be notable. A law has been passed to stabilise Chilean currency, which puts the money on a sound gold basis. The value of the monetary unit, the peso, has been fixed at sixpence; the old currency is to be replaced by new coins and notes to be minted and printed. The new notes will be issued against gold and are convertible into gold at their face value, either currency, gold or paper, being legal tender and of equal value. Twenty-five years ago, with Argentina's leap to prosperity, her paper dollar was given a fixed value: there followed a sudden cessation of speculation in gold in that country, and healthier conditions of trade immediately ensued. It may reasonably be hoped that a similar contributory cause will bring about as beneficial an effect in Chile and that trade expansion will naturally follow on the security afforded by a stable exchange.

Colombia.

The Republic of Colombia continues to develop rapidly and along sound lines. The expanding revenue of the country permits the Government to consider and undertake improvements of importance in the railways, the roads and the waterways, the extension of which has been proposed to Congress, as also schemes for military and educational reforms, and for the better remuneration of the Civil Service.

Coffee prices have remained at a profitable level and business in general during the year has been good in all parts of the Republic.

The Bank of London and South America has found it necessary to increase its representation in this prosperous country, by opening an agency near the coast at Barranquilla.

Paraguay.

Under an efficient Government and with a stabilised exchange there is a marked improvement in the economic and financial conditions of Paraguay. Trade in general has been brisk during the year, and there is every reason to hope that the prevailing prosperity will continue. In spite of the indifferent roads that make the transport of up-country produce so difficult, the natural resources of the country are being steadily developed, the demand for yerba mate, quebracho extract, timber and tobacco being constant and absorbing all supplies. Cotton and rice growing, as yet on a small scale, have both been sufficiently successful to encourage further extension, and there are hopes that in a few years the cereal will not only be grown in quantities that will amply supply the home market, but will allow of an export of some importance. The cattle industry is flourishing and prices for suitable animals have nearly doubled since the previous year. Calving has been exceptionally good during the year, which should make for the continuance of success in this industry for some years to come. Motor transport, brought into prominent notice by wide propaganda and practical demonstrations of its utility, is becoming more popular. The larger use of tractors for ploughing and other agricultural work is a feature of the past year, and importers are hard pressed to fill the many orders for trucks and tractors. With the assistance of these modern methods the forthcoming harvest is expected to be a bumper one.

Interest on Paraguay's foreign debt is now being remitted regularly to London every month and arrangements have also been entered into with the Council of Foreign Bondholders, under which a sinking fund for £15,176 yearly amortisation has been established.

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URUGUAY.

As the disturbing feature of fluctuating exchange in Uruguay tends to disappear with the approach of the local currency to the gold parity, business in general is acquiring a more solid and less speculative character, and, given a fair market for the country's produce, prospects are encouraging. A State Pension Law was promulgated in May; the subscriptions imposed on the banks are very onerous and add materially to the working expenses. A scheme for the establishment of a free port at Colonia, opposite Buenos Aires, has received legislative sanction and a company with an initial capital of $2,000,000 has been formed and has acquired the necessary land. Manufacturers are to be encouraged by the admission free to the port and adjacent zone of raw materials, machinery, etc. Harbour accommodation for ocean steamers is contemplated.

The weather during the winter and spring has been exceptionally favourable, and both cattle and sheep are reported to be in fine condition. Cattle suitable for frigorifico requirements should be available in adequate numbers early in the approaching season. A large wool clip is expected of a cleaner fibre than last season.

SPECIAL ARTICLES

THE WORLD'S SILK IN 1925.

The outlets for silk, writes M. Edouard Payen in the *Economiste Français* (January 30), are widening year by year. This fabric is in favour with the masses, and suffers no prejudice from the competition of artificial silk, the production of which has increased enormously; in fact it may be said that the two products are mutually beneficial. Never has so much silk been produced and consumed throughout the world. Towards the middle of last year, Japan, which is responsible for about two-thirds of the world's output, reported its first harvest, the most important, yielding 5 per cent. in excess of the harvest, a bumper one, of the preceding year.

OUTPUT.

According to the latest returns of the Lyons silk trade, the world's output of raw silk was estimated at 36,690,000 kg. in 1924, as against 30,465,000 kg. in 1923. The contributions of the chief silk producing countries of Europe to these totals were as follows, in kilogrammes (the 1923 figures are given in brackets): France, 335,000 (255,000); Italy, 5,255,000 (4,900,000); Spain, 95,000 (70,000). The output of Eastern Europe, the Levant, and Central Asia is said to have been 900,000 kg. as against 760,000 kg. in 1923. Finally, in the Far East the exports from the chief silk ports were as follows in 1924 and 1923 (in brackets) in kilogrammes: Shanghai, 4,020,000 (4,395,000); Canton, 2,905,000 (2,710,000); Yokohama, 23,100,000 (17,285,000). The consignments from Bengal and Kashmir are estimated at 35,000 kg. and from Indo-China at 45,000, both in 1924.

The 1925 harvest in France, according to the figures obtained by the Ministry of Agriculture, was inferior to that of 1924. The total yield of fresh cocoons is said to have amounted to no more than 3,368,201 kg. as against 4,224,255 kg. in 1924, 355,126 in 1923, 2,584,546 in 1922, and 4,423,046 in 1913. The price per kg. of fresh cocoons sold for spinning was Fr.18.93 in 1925 as against Fr.17.96 in 1924, the total value of those sold being Fr.61,724,468 in 1925, Fr.79,033,302 in 1924, and Fr.15,392,018 in 1913, the last pre-war year.

Owing to the extent of the output, prices were not dear in gold, but they hardened in face of the heavy demand. That this demand in France at least was extensive is shown by the figures of the silk dried in Lyons during the first 11 months of each of the following years (in kilogrammes):—

1921	...	3,494,274	1924	...	5,343,590
1922	...	5,349,028	1925	...	5,945,582
1923	...	4,344,395			

The American returns confirm this steady progress of demand, as will be seen from the following tables published by the Silk Association of America, giving the amounts of silk imported into the United States from Europe and the East during the first eleven months of each year (in bales):—

Year.	Europe.	Japan.	Canton.	China.	Tussah.	Total.
1925 ...	10,230	365,941	22,054	40,620	5,294	444,139
1924 ...	5,234	307,299	21,194	10,190	2,566	346,533
1923 ...	12,480	230,615	42,124	29,002	7,146	321,367
1922 ...	2,141	292,943	39,754	19,666	3,304	357,208
1921 ...	15,600	194,888	44,187	26,333	3,055	284,043
1920 ...	3,621	137,890	22,506	14,696	2,739	181,452
1919 ...	7,168	216,046	25,128	32,428	4,944	285,714
1918 ...	40	195,503	14,756	17,065	6,746	234,110
1917 ...	1,019	205,724	20,393	22,669	6,244	256,049

France and the United States are the two chief centres of the silk industry, the latter comparatively a new comer, having made remarkable progress in the industry.

In 1925 the two markets, in respect of prices, varied greatly. In New York the stability was remarkable. After having fallen slightly towards the end of March they recovered during the year. The demand for woven goods contributed greatly to the activity of the throwing mills, which had not experienced a period of such activity since the war.

The United States has been able to develop normally its silk industry, to increase exports and reduce imports of manufactured silk. All the countries importing silk to the United States show a diminished export, especially France.

The consumption of silk, which reached 500,000 bales as against 371,900 in 1924, is a record for the country. Japan was its chief purveyor of the raw material.

PRICES.

If the American industry has maintained stable prices and been able to take advantage of them, France, on the other hand, is in a very different position. There the exchange has been the supreme factor. The fluctuations of prices in that country are in marked contrast to the stability maintained in New York. The value of the kilogramme rose steadily at Lyons throughout the year, and the prices recorded in December show an increase of 50 per cent. on those of January. One of the factors in this increase is the upward movement in the foreign exchange. The continuous rise in sterling has reacted heavily on silk prices, and has created serious difficulties for the Lyons manufacturers, who, however, have managed to surmount them by dint of great energy and skill.

This state of affairs is not peculiar to silk, but has manifested itself with regard to all raw material imported in large quantities, especially cotton. An industry which has to supply itself under such uncertain conditions finds itself in a very precarious position.

Possibly, however, the effect of these variations in the value of the national currency may present another aspect to which the *Bulletin des Soies et des Soieries* draws attention in the following passages: "Thanks, it must be admitted, to the progressive depreciation of our currency abroad, the majority of our national

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industries have increased their exports, and this artificial stimulus naturally affected our silk industry." And again: "The depreciation of the franc has facilitated sales on foreign markets, which derived an appreciable profit therefrom. On the other hand it has caused considerable disturbance to the purchase of raw material, has increased wages, and sent up the price of all commodities, producing innumerable complications."

These remarks are quite true, but on striking a balance it will be found that the depreciation of the currency gives a fictitious impetus to exports. The Customs returns for 1925 show that the prices obtained on foreign markets have not kept pace with the fall of the franc, whereas purchases of foreign goods have done so in full; raw materials have been purchased at a higher price than that at which manufactured goods have been sold, which constitutes a loss to the country.

Artificial Silk.

A study of the market in natural silk shows that it has suffered no detriment from the competition of the artificial variety, just now at the height of its prosperity, contrary to what has occurred in the case of other commodities, where in like conditions the natural product has been driven out of the market. This fact is explained by the enormous demand for silk goods owing to the democratising of this luxury since the war.

Professor Giorgio Mortara, the celebrated Italian economist, estimates that in 1925 some 75 to 80,000 tons of silk were produced throughout the world, and that this figure will probably be increased to 100,000 tons in 1926. In all quarters new silk enterprises are being founded, and the demand keeps pace with them; a large import trade has sprung up even in industrial countries such as Great Britain and the United States, both large producers of artificial silk. Asia must be reckoned with as a purchaser.

The limits of the consumption of artificial silk cannot be foreseen, since the technique of its production, unlike that of other textile products, is always undergoing improvements, which tend to lower the price of the commodity.

The writer predicts for the silk trade in general a new increase of supply and a less increase in demand in the current year, keener competition between manufacturers (unless restrained by agreements), and lower prices partly due to the fall in the price of other textile products.

Silk Production in the Near East.

Attracted possibly by the boom in silk the various Balkan countries are devoting themselves to the cultivation of the silkworm, and the following account of the results obtained, of its prospects and of the difficulties to be overcome in some of these countries, taken from *Oikonomologos Athenon*, may form a useful appendix to M. Payen's article.

Greece.—This country, owing to its geographical situation and climatic conditions, is the best suited of all the Balkan States to the cultivation of silk, and hopes to make of this branch of agriculture one of its most lucrative sources of production.

In order to achieve this object, however, it is essential that the Government should adopt measures for the protection of the silkworm breeders and for the sale of cocoons on foreign markets, such as the free grant of mulberry trees to the refugee farmers already established and expert in silkworm breeding, the supply to them of good quality silkworm eggs, and instruction by agricultural experts in the best method of feeding the silkworms. The peasant proprietor may by his own labours and those of his family make a nice profit out of the breeding of silkworms.

During the past three years silkworm breeding in Greece has doubled. This form of culture came as a relief to the rural population of Macedonia and Thrace, hard hit by the decline in corn growing and the tobacco crisis, and also to the population of pre-Balkan-war Greece, which was thus able to cope with the conditions arising from the reduced oil and corn production.

In addition to the above protective measures, it behoves the Government to provide that Greek cocoons should take their place on the markets of France and Italy and should receive most favoured nation terms in any commercial conventions to be concluded with those countries. Special attention should also be paid to the reduction of transport rates on cocoons from the Italian ports to Milan, and of the discharging dues in the ports of Marseilles and Genoa. A large proportion of the Greek cocoons consigned to Marseilles and Milan are reshipped to America; hence the need for direct transport from Greece to that country.

The trade in silkworm eggs has been introduced into Greece since 1922 by the refugees from Turkey, who had been trained at the school of sericulture at Broussa, and if properly encouraged should form a lucrative branch of commerce, providing not only for the needs of home consumption but also for export. France and Italy, in which this branch of the industry flourishes, have obtained exemption from Customs duties on the import of eggs into Greece. Moreover, the Greek Government, which accepts the certificates of health accorded in France and Italy and pasted on the cases of cocoons from those countries and allows their free circulation in Greece without subjecting them to inspection under the Vitadmi system, places the home product in a position of inferiority by making them undergo a searching examination under the Pasteur system by the Ministry of Agriculture, and thus permits French eggs, which are cheaper than the Greek, to compete with the latter not only on foreign but also on the home markets.

As an instance of the disadvantages under which Greek silkworm eggs labour on their import into foreign countries, the writer cites the case of Syria, where some 120,000 cases of eggs are sold a year, but where the Greek eggs have to undergo examination by the National Ottoman Debt Authorities and have to wait about six weeks for licence to circulate in the country, whereas the French eggs are subject to no such restrictions. In Persia, too, where the Greek eggs are subjected to a heavy import duty and inspection by a French expert, the French product is exempt from both. The French, however, not content with these privileges, have come to an agreement with the Persian Government for the grant of a monopoly for French silkworm eggs in the country, and a Bill has been framed with this object. By the passing of this Bill Greece will be deprived of a customer which purchased 300,000 cases of eggs before the war. The trade in eggs with Persia is further hampered by restrictions on their transit through the Caucasus from Batoum to Baku.

Serbia, in order to promote its own sericulture, has prohibited the import of foreign silkworm eggs without a special license, which is very difficult to obtain, while Bulgaria and Turkey have imposed prohibitive Customs duties on them.

Turkey.—In its principal centres of Broussa, Artake, Bilitsik, etc., the Turkish silk industry employed a large number of Greek and Armenian workmen, which have all left the country either as refugees after the evacuation of Asia Minor, or later, on being exchanged for the Mussulman inhabitants of Greece, taking with them their tools, technical knowledge and long experience. Moreover, many of the Greeks had sunk considerable capital in the industry, and several had recently founded important mills.

The production of silkworms in these districts exceeded 7 million kg. in 1913, but declined to 5.5 mill. in 1914, 3.5 mill. in 1915, 3 mill. in 1916, 1 mill. in 1923, 710,000 in 1924, and 650,000 in 1925.

The production of the Artake district is barely 8 per cent. of the pre-war output, that of Broussa has declined from an annual average of over 5 million kg. to a bare million. In Bilitsik, of the 11 factories formerly at work, only two remain and those work short time. At Kiouplia, another town in the same district, only one

factory is at work out of nine, at Basikot three, at Asakoi four, and at Peltos the four factories formerly at work have all closed down. The Bilitsik district to-day barely reaches one-tenth of its former output of 3 million kg.

According to the October report of the Chamber of Commerce, 12 mills are working at Broussa, and produce annually 62,200 kg. of silk at the market price of £T.22 per kg. They produce all classes of silk, crêpe de chine, crêpe marocaine, unbleached silk and muslin. Each mill employs motor power of 5 to 7 h.p., and their annual output amounts to 105,200 metres of silk fabrics. In addition to these mills, there are at Broussa a certain number of silk weavers working in their homes by antiquated methods.

THE ECONOMIC SITUATION IN SWEDEN.

Swedish industrial business, writes M. O. Menars in a survey of Sweden's economic situation which he contributes to the *Economiste Français* (Jan. 30), after passing through a period of dulness during the summer, made a recovery in the autumn which is still maintained. It is true that the index numbers of wholesale prices, unlike those of America, have steadily declined since March, but this movement is mainly due to the fall of raw materials, of corn, fodder, fuel, leather, hides, textile materials, etc., and industrial production has been stimulated rather than checked.

Again, agricultural output, in spite of the fall in wheat prices, has, thanks to the satisfactory harvest of 1925, and to the maintenance of the prices of commodities derived from animal products, yielded results equal if not superior to those of the preceding year. On the other hand, the timber market has felt the effects of the slump, but the other exporting industries have succeeded in maintaining prices.

The quantity of exports, with the sole exception of iron, remains satisfactory.

The labour market has not been troubled by any serious conflicts. Thanks to the value of exports, the balances of the banks are on the credit side as against foreign countries, and these credit balances have appreciably increased. During the year a certain number of foreign loans have been contracted in Sweden, an indication of a surplus of available capital over and above the needs of industry ; and it should be noted that this is the result not of excessive capitalisation, but of a very restricted demand for loans in Sweden.

The generally satisfactory economic position of the country is amply demonstrated by the returns for agriculture, commerce and industry reproduced from the *Economic Review of Sweden*, an important magazine, edited by the Ministry of Commerce and published under the auspices of the Ministry for Foreign Affairs.

Agriculture.

The following table shows the approximate yield from the last harvest as compared with those of preceding years (in 1,000 decitonnes—1 decitonne = one-tenth of a ton) :—

	1925 (approx.).	1924.	1923.	Average 1918-22.
Wheat ...	3,825	1,871	2,995	2,744
Rye ...	7,461	2,807	5,935	5,741
Barley ...	2,858	2,896	2,488	2,654
Oats ...	9,710	10,798	10,522	10,228
Oats & barley	4,559	4,865	4,920	4,582
Potatoes ...	19,219	14,000	16,307	18,295
Beet ...	14,828	9,144	10,418	9,464
Other roots	31,510	26,045	27,507	28,411
Hay ...	42,018	41,332	41,207	35,680

As will be seen from the above table, last year's harvest was satisfactory, and it should be noted that the autumn sowings have yielded much better results than those of the preceding year, an exceptionally bad one, be it said. It is estimated that the wheat and rye harvests are the best ever recorded in Sweden.

Under the influence of this exceptional yield, the autumn crops have experienced a greater fall in market prices in Sweden than abroad. The fall in rye prices has been especially marked, in comparison with those of a year ago, which were almost equal to wheat prices, whereas now they are from 3 to 4 kronor per 100 kg. lower, with the result, a very rare case in Sweden, that rye is now being used as fodder. In spite of low prices there has not been much export of Swedish cereals, with the exception of barley for malt, of which 120,000 quintals were exported between January and October 1925, as against 49,000 quintals during the corresponding period of the preceding year.

The export of pork has greatly declined, having fallen from 17,115 tons during the first ten months of 1924 to 5,929 tons during the corresponding period of 1925.

Butter exports have been slightly higher than in 1924, with 7,024 tons of the value of Kr.22 mill. from January to October, as against 4,400 tons in 1924. It should, however, be noted that during the corresponding period of 1913 the figures were 17,115 tons.

Industry.

Judging from unemployment returns, business seems to be fairly good. However, unemployment in the textile, wood, iron and building trades were higher than in 1924. On the other hand there is little unemployment in the wood pulp and paper trades.

The timber market was far from favourable, and during the whole year the industry suffered from a state of stagnation, and the constant fall in prices finally caused the Swedish and Finnish exporters to concert a minimum price. Some 80 per cent. of the Swedish exporters adhered to this agreement, which largely contributed to the stabilisation of the market, without, however, improving prices. Owing to the certainty that prices will decline no further foreign exporters have increased their orders. It should be noted that the sale of timber of small dimensions has increased to the detriment of that of planks and bastings. White wood is in much greater demand than red, and the difference of the prices of the two kinds has become almost imperceptible.

The export of timber to Great Britain after a period of relative quiet revived perceptibly during the autumn, and is at present almost normal. Business from France, which at the beginning of December was only about two-thirds of that of 1924, has since become very active.

The export to other European countries, notably Holland, Belgium, Germany and Spain, is equally satisfactory. It is estimated that sales have reached 1,025,000 standards, as against 900,000 in 1924. Stocks are low and it is anticipated that during the winter felling of the forests will be largely reduced, and that in consequence the business of the saw-mills will slacken.

According to the final returns, timber exports during the first six months of 1925 amounted to 4,247,000 cubic metres as against 2,187,000 cubic metres during the corresponding period of 1924. The export of matches during the same months rose from 26,459 tons in 1924 to 30,546 tons in 1925.

The wood pulp industry has been very active during the year, especially in the autumn. At the end of December Swedish manufacturers had already sold 775,000 tons of pulp. At the present moment stocks are almost exhausted, which has caused a sharp rise in prices on those ruling three months ago, namely, from 5 to 10 shillings per ton for bisulphite pulp, and from 3 dollars to 3.25 on sulphate pulp, the kind chiefly exported to the United States. The total export of wood pulp during the first ten months of the year is distributed as follows (in tons) :—

	Mechanical pulp.	Bisulphite pulp.	Sulphate pulp.	Total.
United States	3,786	169,079	148,099	320,964
Great Britain	63,680	150,233	10,446	224,359
France ...	29,109	57,105	6,682	92,896
Norway ...	39,097	17,401	794	87,292

It should be observed that the exports to Norway were mainly in transit to the United States and Great Britain.

The paper market has, of late, been quite satisfactory. Packing paper has been chiefly shipped to Great Britain. The fear of import duties on this commodity caused British dealers to order large quantities for delivery before the end of 1925.

Newsprint is the object of considerable and ever-increasing demand from the United Kingdom. The demand for superior quality paper and cardboard is equally active, and prices, notably for cardboard, are on the up-grade. Exports for the first ten months of 1924 and 1925 are as follows (in tons):—

	1924.	1925.
Newsprint	138,792	144,373
Other kinds of paper and cardboard	158,497	173,563
Total	297,289	318,076

The slight improvement in the iron industry recorded during the first half of 1925 proved to be only temporary, and the market is again heavily depressed. The number of blast and other furnaces at work has been greatly reduced. On November 1 last only 38 blast furnaces, or 30 per cent. of those existing, 60 Lancashire furnaces and 59 steelworks, or about half the furnaces of this kind and steelworks in the country were working. As a result, production, especially of iron, has greatly declined, as will be seen from the following results for the first ten months of the year (in tons):—

	1924.	1925.
Cast iron	430,900	356,500
Crude steel	454,200	423,500
Rolled iron	279,400	274,000

The export of iron was as follows (in tons):—

	1924.	1925.
Cast iron	92,028	90,181
Steel and malleable iron	106,536	101,539
	198,564	191,720

Seeing how slight is the reduction of exports, the depression of the market must be mainly attributed to reduced home consumption, although the fall of the French franc cannot fail to have exercised an unfavourable influence by closing an important outlet.

Trade.

Foreign trade continued to make satisfactory progress, as will be seen from the following returns for the first ten months of the year (in millions of kronor):—

	Imports.	Exports.	Total.
1923	1,103.7	899.8	2,003.5
1924	1,153.4	1,004.5	2,157.9
1925	1,167.7	1,003.9	2,271.1

For this period the total foreign trade was 13 per cent. higher in 1925 than in 1923. During the third quarter of the year, a period of great trade activity, exports exceeded imports, due primarily to the increased export of iron ore, wood pulp and certain engineering products, e.g. electric plant.

Finance.

Expenditure estimates for the financial year (July 1, 1924, to June 30, 1925) were drawn up at Kr.674.4 mill., and the Budget was finally balanced as follows (in millions of kronor):—

Expenditure.	756.0
Carried over from previous year	183.8
Surplus revenue	14.7
	954.5
Revenue.	
Carried over from previous year	247.4
Actual revenue	707.1
	954.5

The current amount of money at the disposal of the Treasury, which is included in the Budget, reached the total of 76.9 million kronor.

The chief sources of revenue are as follows (in millions of kronor):—

Income tax, 141.1; duties on sugar, tobacco and alcoholic liquors, 167.2; profits from State-managed enterprises, 74.9; stamp duties, 45.8.

During the first four months of the current financial year revenue amounted to Kr.146.2 mill. as against Kr.142 mill. for the corresponding period of 1924, and expenditure to Kr.207.1 mill. as against Kr.185.7 mill, showing respective deficits of Kr. 60.9 mill. and Kr.43.7 mill. These figures are, however, not indicative of the final result, as income tax and property tax are only collected in December.

The current amount in the hands of the Treasury on Oct. 31, 1925, was Kr.75.6 mill., as against Kr.59 mill. on the same date of 1924.

The National Debt during the last two years was as follows (in millions of kronor):—

	June 30, 1924.	June 30, 1925.	Nov. 30, 1925.
Consolidated ...	1,598.2	1,716.8	1,716.8
Floating ...	35.9	17.2	15.0

Thus it will be seen that the consolidated debt has undergone no change since the beginning of the financial year, and that the floating debt has been reduced by 2 million kronor. It is worthy of note that 80 per cent. of the National Debt has been taken up in Sweden.

The position of the money market is sound, which has enabled a further reduction to be made in the bank rate, already reduced to 5 per cent. in July. In the autumn it was again reduced to 4½ per cent. This reduction brought about a slight rise in the American and English exchange. Thus the dollar, after having been quoted at Kr.3.72 to 3.73 in September, went to Kr.3.74½ in the middle of October, and has since remained round about Kr.3.74. Sterling has risen from 18.03 at the beginning of October to 18.12 and 18.13.

The situation of the Bank of Sweden is shown in the following table (in millions of kronor):—

	Nov. 30, 1924.	Sept. 30, 1925.	Oct. 31, 1925.	Nov. 30, 1925.
Gold reserve ...	239.0	231.7	230.9	230.5
Foreign securities ...	95.4	203.6	200.4	194.8
Loans in Sweden ...	376.9	271.4	247.5	246.9
Note circulation ...	537.1	550.7	523.4	521.8

Owing to the decline of exports in 1924, the amount of foreign bills was comparatively unimportant. On the other hand foreign capital invested in Sweden with the object of profiting by the rise of the krone was withdrawn from the market as soon as the large amount of Swedish notes which had been hoarded abroad were sent back to Sweden. By a concurrence of circumstances the stock of foreign securities was greatly depleted at the end of 1924. The employment of the loan of 30 million dollars raised in November 1924, with a view to stabilising the rate of the krone at gold parity, brought about an appreciable improvement, and during 1925 the Bank's position was fairly satisfactory. Its policy during that year was to check the depreciation of foreign currencies, which would undoubtedly have hampered exports, and it can be seen from the foreign trade balance that that policy has been successful.

The position of the private banks is shown below (in millions of kronor):—

	Nov. 30, 1924.	Sept. 30, 1925.	Oct. 31, 1925.	Nov. 30, 1925.
Deposits	3,755.6	3,657.4	3,361.7	3,582.3
Ordinary loans and credits ...	3,462.4	3,392.8	3,339.0	3,333.2
Bills discounted ...	936.6	1,009.8	1,021.4	1,013.0
Bills rediscounted by the Bank of Sweden ...	236.8	140.2	105.5	90.0
Surplus of loans ...	907.2	885.4	837.1	862.9
Actual balance with regard to foreign countries ...	27.3	45.8	42.8	37.6

It will be seen that the amount of deposits, after having increased during the summer, declined towards the end of the year, a circumstance partly attributable to the reduction of interest payable on them which coincided with the reduction of the bank rate. Loans have also declined slightly, and further the rediscounts have appreciably fallen off, a sure proof of improvement in the situation of the banks.

The diminution of loans by the banks seems to indicate that the national industries are on the point of overcoming the abnormal situation arising from the war;

but on the other hand this diminution, by the mere fact that it is not yet set off by new credits, is a proof of lack of productive activity. Generally speaking, Swedish industry offers few opportunities for the investment of Swedish capital very abundant at present, which is therefore being invested abroad. The Swedish banks have repeatedly made advances to foreign Governments and business undertakings, and in exchange foreign bonds and debentures have been quoted on the Swedish market. It may, however, be assumed that the export of Swedish capital will only be temporary, since under normal conditions it barely suffices for the national needs.

Particularly affected by the upheaval caused by the war, Sweden is gradually resuming her business activity. Her output and trade, having appreciably improved, as shown above, tend to become normal once more, but it is to be feared that she will not readily find the outlets necessary to her economic development. Like all countries with a very high exchange, she is liable to suffer from the very strength of her currency as long as that of certain industrial countries of Europe remains depreciated.

ECONOMIC CONDITIONS IN THE DOMINICAN REPUBLIC.

(*Continued.*)

In addition to sugar-cane, cocoa, coffee and tobacco, corn, beans and plantains (bananas) grow very satisfactorily in this Republic. Pineapple plantations abound in Cibao and bananas in Sosua. Mangoes, sapotes, medlars, oranges, cocoanuts and a great variety of tropical fruits flourish throughout the whole island. The Government is taking a keen interest in the development of agriculture, and this, together with the new roads which are opening up the country, should result in considerable expansion in agricultural activities. There is a Government Agricultural Experimental Station at Jaina, with a staff of European experts whose duties are to instruct prospective agriculturists as to the best methods to be adopted in agriculture generally. The school is run at the expense of the Government, and is in every respect served with modern exquipment. Timber is exported in fairly large quantities. Mahogany, ebony, lignum vitae, cedar, oak, satin-wood, amongst numerous other trees, are found in considerable supplies throughout the Republic. Large quantities of lignum vitae and mahogany are exported to the United Kingdom. There are three sawmills in the Republic, one at La Romana and two others situated at points adjacent to the Duarte Road between Santo Domingo City and La Vega.

Mr. Bowering points out that there are many factors which restrict British trade in this country, but the main one is, without any doubt, the distance of the United Kingdom from the Dominican Republic and the irregularity of direct steamship service by British lines. To this must be added the shortage of British resident importers and agents, the absence of British capital investments and the desire of British exporters to obtain cash against documents, whereas their competitors are willing to give 30 or 60 days', and even more, credit. Universal extension of credit to Dominican importers is not advocated in general, but some concession should be made to the better class of importer, concerning whom reliable information is usually available through the London office of the Royal Bank of Canada or the Bank of Nova Scotia, and through the Department of Overseas Trade. Imports from the United Kingdom and Ireland during 1924 amounted to 1,128,523 dollars, an increase of 210,774 dollars over the 1923 figure. This gain was well distributed amongst most of the principal commodities; those which may be noted specially are all classes of plain woven and twilled cotton cloths, linen goods, transshipped rice, confectionery, hats and caps, soap and woollen goods.

THE ECONOMIST'S BOOKSHELF.

A GOOD TEXT BOOK.

The Economics of Private Enterprise. By J. H. Jones, M.A., Professor of Economics and Head of the Commerce Department, University of Leeds. (London: Sir Isaac Pitman & Sons, Ltd. Price, 7s. 6d. net.)

Prof. Jones has intended this present volume to meet the needs of first-year University students and candidates preparing themselves for examinations in connection with Banking, Accountancy, and other business professions, but readers outside this circle will find much in it to make the volume worthy of their perusal. This value will be discoverable in the fact that throughout this work Prof. Jones has brought to bear on his subject a wide knowledge of current economic problems and tendencies, and in the light of these has traced theoretically the economics of private enterprise. The volume is divided into four books, the first of which covers familiar ground in quest of definitions; in the treatment applied it is, however, more than conventional and strikes a particularly good note when indicating current economic fallacies. One of them, Prof. Jones points out, is sometimes committed even by scientists of repute. It is that of assuming the existence of a single dominating cause to which a phenomenon must be attributed. Thus, for example, it is assumed that the rhythmic movement of trade, known as the trade cycle, must be due to some single force—*causa causans*—which, if it could be clearly detected and revealed, might be neutralised in some way or other. But, insists Prof. Jones, it may—and probably is—due to a combination of circumstances which together constitute its cause, and if such is the case, then the removal or modification of any one of these circumstances would destroy the combination, so that a new combination might be formed, which might produce entirely different results. In the second book the author deals with the problems of industrial organisation, and in this two good sections are devoted to the question of industrial combinations, and one to the question of mass production. In the third book the theme is economic valuation and the Theory of Prices, Money and International Trade, and the Theory of Distribution are discussed at considerable length. The fourth book faces the problem of employment, the trade cycle, and the standard of living.

If Prof. Jones' conclusions are analysed he will be found to express a faith in our existing economic system. He believes in the appeal to private gain and that it should determine the main lines of economic activity and the rewards of effort. Such a policy has produced both goods and services for society. In the struggle for private gain, the force of competition will produce inequalities. Consequently, the weak must be protected by minimum conditions of employment and wages. Periods of difficulty can be met with unemployment insurance and credits to employers. Monopolistic powers must be guarded against. He is determined to prevent the employment of monopolistic powers, either of employers or of workpeople, in a manner which will prejudice social welfare. In spite of all the laws that have been put into force tending to restrict the economic liberty of the members of the community, he would still rely upon the motive of private gain and the general force of competition for the production of what the community desires, and he would look to moral influences, acting through public opinion and through wise leadership, to achieve that balance which must be maintained in a healthy economic society. No new proposal put forward seems to Prof. Jones to imply a *new governing motive in the individual.* Consequently, he looks forward to a continuance of our economic existence along lines laid down in the past, and to the adumbration of new measures which are consistent with the governing principle and motive—both of them discoverable in the individual.

KARL MARX.

Karl Marx's Capital. An Introductory Essay by A. D. Lindsay, Master of Balliol College, Oxford. (London: Oxford University Press, Humphrey Milford. Price, 2s. 6d. net.)

This invaluable little book is made from some lectures given by the Master of Balliol on Karl Marx in Glasgow, and it was a happy thought on someone's part which resulted in its inclusion in the series rapidly becoming well known as *The World's Manuals*. This volume is invaluable, in our opinion, for one reason only, and that is as an introduction to Marx. There are subsidiary benefits to be gathered after a perusal of Mr. Lindsay's essay, but it is what it purports to be—an introduction. No very easy thing to obtain in those days, particularly in good company. Those who ventured to obtain one through the good offices of Mr. H. W. B. Joseph were probably successful and satisfied; if not, they ought speedily to take the opportunity Mr. Lindsay's essay affords. At any rate, speaking for ourselves, the ceremony is less distracting when performed by the Master of Balliol.

In these columns we have on more than one occasion remarked that there is more in Marx's *Capital* than most critics of Marx would like us to believe. We have also pointed out what must be patent to all, namely, that *Capital* is a book of historical importance. Mr. Lindsay, affirming as much, goes one step farther when he writes that "anyone who reads it impartially will find it greater and far more illuminating than most critics of Marx would like us, or most Marxian writers allow us, to believe." In other words, Mr. Lindsay is saying "never mind the Commentators—tackle the translation of *Capital* itself!" Those who remember another introductory service performed by Mr. Lindsay will be disposed to take his advice. Few can have read his introduction to Hobbes' *Leviathan* and remained content with a perusal of the "prescribed portions." In spite of what some of his critics may say to the contrary, the present Master of Balliol is a sound thinker and not in the least given to the waste of time. A clue followed out by him will be wisely followed by those who are anxious to learn.

This essay commences with an attempt to trace the influence of Hegel on Marx's thought, and it concludes with an attempt to work out the parallel which has been suggested between Marx's treatment of a natural rights theory in the economic sphere and Rousseau's treatment of natural rights in politics. The body of the essay expends itself upon the more formidable aspects of Marx's teaching. Economic determinism, or, as it is more often called, the materialist conception of history, the labour theory of value, and Marx's account of Surplus Value and the Collective Labourer. All three subjects receive careful and impartial treatment at the hands of Mr. Lindsay, and Marx's view is presented undistorted by illegitimate criticism. All through this essay Mr. Lindsay keeps in mind what so many others have ignored in Marx's positive teaching. Where others have not ignored it they have wilfully perverted it. As Mr. Lindsay concludes, "when Marx came to his positive teaching, the labour theory of value as the principle of the determination by just reward was given up and its place was taken by the standard of an ideal society. The moral of Marx's teaching about the collective labourer is that we should give up trying to find out exactly how much is the total product each individual labourer has made, and devote our energies rather to making the collective labourer a real democratic society. If we seek that, all other things will be added." The substance of these words is more often than not entirely lost sight of in modern controversies which range from time to time around the name of Marx. More than any other thinker of equal merit has he been saddled with the responsibility for more than he ever gave utterance to, and not infrequently has he been made the parent of ideas which are diametrically opposed to those which are implied in the passage from Mr. Lindsay's essay quoted above. It was, as Mr. Lindsay points out, Marx's achievement to have brought together two schools of thought whose ways of regarding society were very different. The Hegelians were collectivists and their method was historical: the Utilitarians, whose doctrines inspired the Classical English Economists, Ricardo in particular, were individualists, and their method was analytical. The first laid the basis of modern political theory, the second the basis of modern economics. Marx was a follower of both, or, as Mr. Lindsay affirms, just because he was in a sense a follower of both, he was more than a follower of either. He was an original thinker, whose originality and whose defects we can better understand when we see what he derived from each of these two schools. As an aid in this direction this essay will be found most useful, but its utility will not remain there.

SHORT NOTICES.

A Bibliography of Robert Owen, The Socialist. 1771-1858. Second Edition revised and enlarged. (Aberystwyth: The National Library of Wales. Price, 4s. net). This bibliography was prepared by the National Library Staff, acting on a suggestion made by the Rt. Hon. John Burns, and printed in March 1914, Mr. A. J. Hawkes, now Librarian of the Wigan Public Libraries, was mainly responsible for the collection and arrangement of the bibliography. It was known that the work was far from complete, but it was considered desirable to print it as a starting point for the gathering of further information. The expectation that fresh additions would be made has been justified, and this new edition is the result of them. The original bibliography contained 149 of Robert Owen's writings, the present edition records 175. The original edition noted 279 books and pamphlets on Robert Owen, the present edition notes 378. The new edition has been prepared for the press by Mr. William Williams, Keeper of Printed Books, with the assistance of the staff of the department.

PUBLICATIONS RECEIVED.

A Bibliography of Robert Owen, The Socialist, 1771–1858. Second edition, revised and enlarged. The National Library of Wales. (Aberystwyth.—London: Humphrey Milford, Oxford University Press Warehouse. Price, 4s. net.)

Bulletin of the Pan American Union. February 1926. (Washington, U.S.A. Price, $3.25 per annum.)

England and the World. Essays arranged and edited by F. S. Marvin. "The Unity Series, VII." (London: Oxford University Press, Humphrey Milford. Price, 10s. 6d. net.)

International Relations as Viewed from Geneva. By William E. Rappard, Professor of Economic History and Public Finance at the University of Geneva, Member of the Permanent Mandates Commission of the League of Nations. (New Haven, U.S.A.—London: Oxford University Press, Humphrey Milford. Price, 11s. 6d. net.)

La Réforme Sociale: Bulletin de la Société d'Economie Sociale et des Unions de la Paix Sociale. January 1926. (Paris. Price, Fr.30 per annum.)

Mathematical Investigations in the Theory of Value and Prices. By Irving Fisher, Professor of Political Economy in Yale University. (New Haven, U.S.A.—London: Oxford University Press, Humphrey Milford. Price, 4s. 6d. net.)

UNIVERSITY OF LONDON.

A LECTURE on "SOME ASPECTS OF COMMERCIAL LAW" will be given by The Hon. Mr. JUSTICE MACKINNON at The London School of Economics and Political Science (Houghton Street, Aldwych, W.C. 2) on Wednesday, March 3rd, 1926, at 5 p.m. The Chair will be taken by The Hon. Mr. Justice Wright, M.A.

A Course of Two Lectures on "THE GERMAN CONSTITUTION" will be given (in English) by Professor H. KANTOROWICZ (Professor of Law in the University of Freiburg i/B) at The London School of Economics and Political Science on Thursday, March 4th, and Tuesday, March 9th, at 5 p.m. At the First Lecture the Chair will be taken by His Excellency the German Ambassador (Dr. Friedrich Sthamer).

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STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

1. Pig iron. 3. Coal. 5. Cotton. 7. Hides. 9. Bacon.
2. Tin. 4. Linseed Oil. 6. Wool. 8. Wheat. 10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.			1923								
Jan. 16	367.9	296.6	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
July 15	194.4	194.1	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 1	152.3	
Oct. 14	170.2	180.7	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	,, 8	150.8	
Dec. 16	153.2	167.9	Oct. 19	166.0	158.1	1925			,, 15	151.6	151.3
Dec. 30	150.0		Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 22	149.2	
1922			Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	,, 29	150.9	
Jan. 20	144.0	164.0	1924			Mar. 13	172.8	166.3	Feb. 5	149.7	
May 19	162.1	160.6	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	,, 12	148.4	
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0			
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6			
Dec. 15	161.2	155.8									

CHART ILLUSTRATING TABLE I.

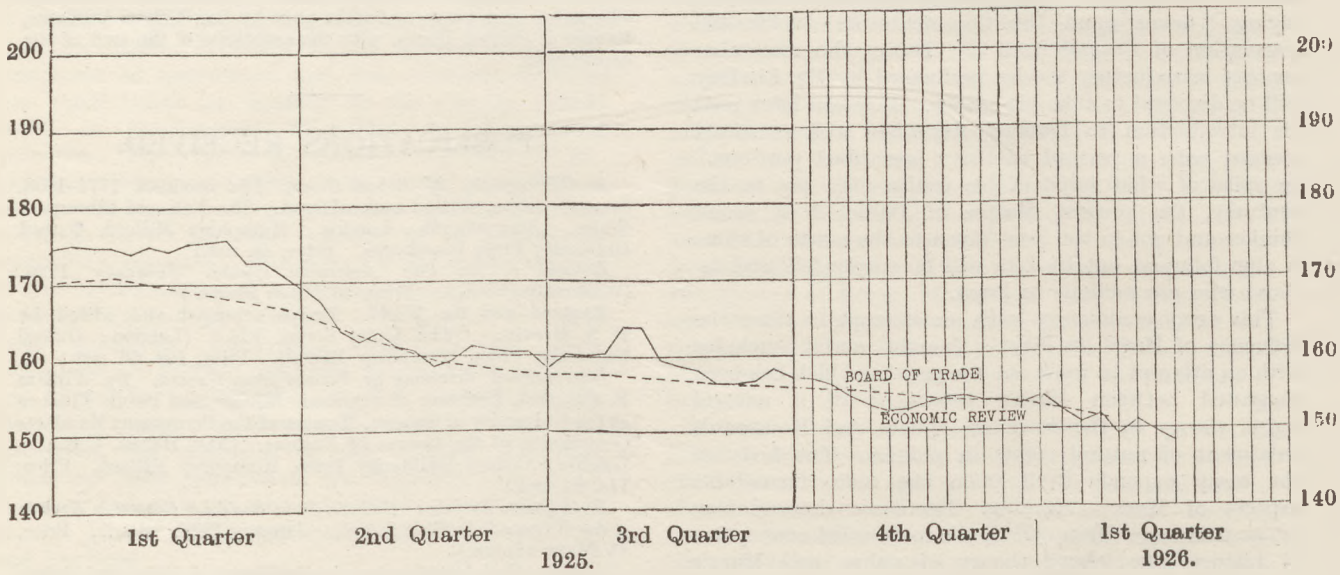


TABLE II.

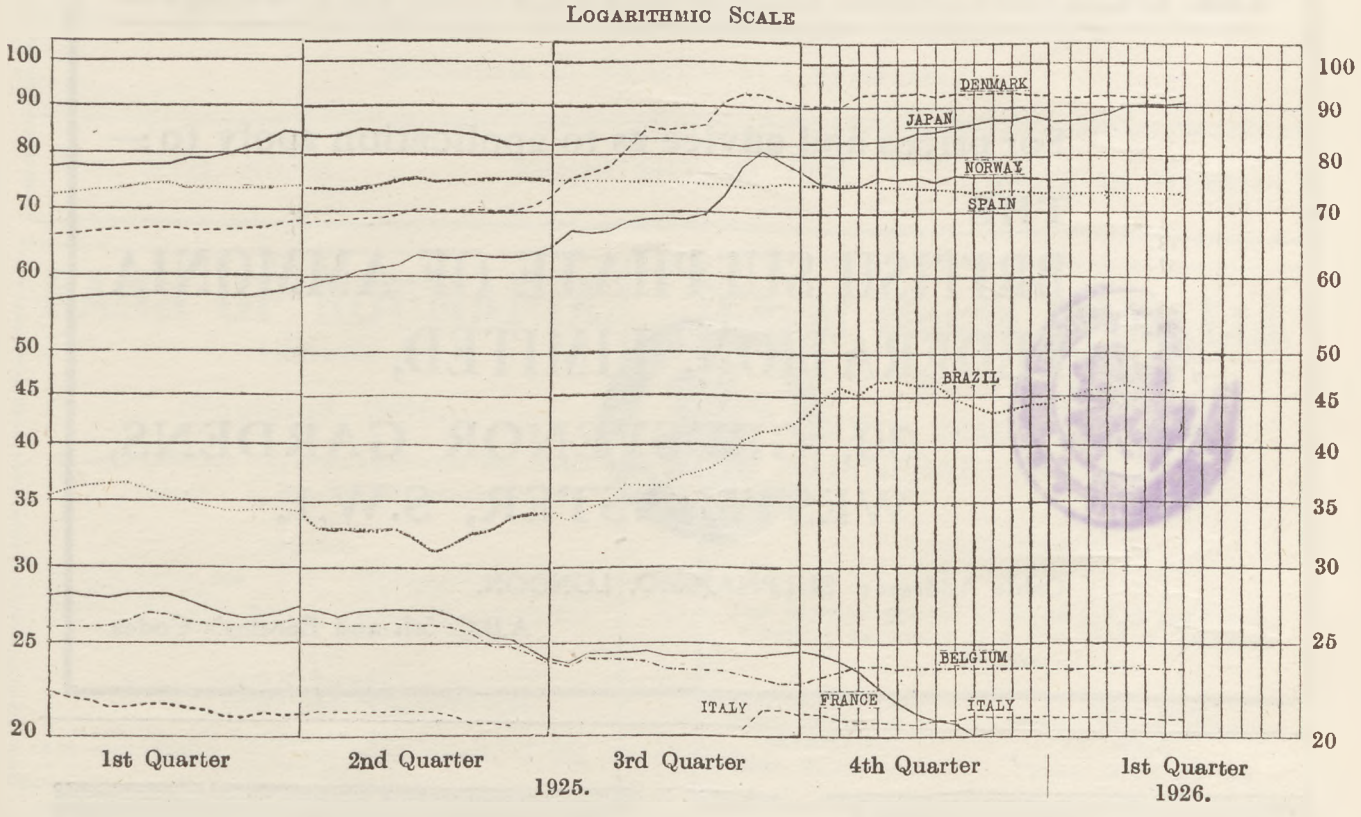
Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108 1	111.91	... Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65	... June 26
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
,, 12 ...	72.2	168.4	62.3	110.5	92.9	102.2	95.7	112.3	94.1	78.8	98.94	... ,, 12

*Revised Quotation.

THE PAPER CURRENCIES.

(*Percentage of Dollar Parity to Week ending February* 13, 1926.)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.	France.
Feb. 13 ...	93.1	91.0	76.2	72.9	45.6	23.5	20.9	19.1
,, 6 ...	92.0	90.6	76.0	73.3	45.8	23.5	20.8	19.4



SECURITY PRICES.

The following table and chart show the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

	In New York.		In London.	
Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7
1921, Jan. 1	89.9	89.0	116.3	88.6
Aug. 20	*80.3*	90.4	105.4	93.3
Oct. 29	91.1	92.0	*91.1*	94.4
1922, Jan. 1	100.0	100.0	100.0	100.0
May 13	114.6	102.4	114.9	**117.9**
Sept. 16	123.8	**107.6**	115.2	112.5
Oct. 7	123.9	106.1	113.3	*111.7*
1923, Jan. 1	121.7	102.5	119.5	113.3
Mar. 17	**129.2**	98.5	129.3	117.0
,, 24	127.3	*97.8*	129.0	118.1
Apr. 28	124.1	99.3	**137.9**	122.8
June 9	119.7	100.8	130.6	**123.5**
Oct. 27	*105.7*	99.7	126.5	119.7
1924, Jan. 1	117.4	98.4	121.3	114.5
,, 19	119.1	100.1	119.1	*112.2*
June 21	115.3	103.3	*118.2*	118.0
Nov. 8	130.1	103.7	133.7	**120.4**

	In New York.		In London.	
Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1925, Jan. 3	150.7	101.6	133.8	117.5
,, 17	151.8	101.9	**137.8**	117.5
June 6	158.2	**105.3**	128.0	115.3
,, 27	160.0	104.7	123.7	*113.0*
July 18	165.9	103.2	*120.4*	115.5
Aug. 1	165.8	*101.5*	122.2	115.7
,, 22	176.2	102.5	126.3	**117.3**
Nov. 7	195.4	102.7	134.1	114.7
Dec. 19	188.9	103.3	130.6	112.8
1926, Jan. 2	195.5	103.6	133.3	113.0
,, 9	196.1	103.6	135.1	113.1
Feb. 6	197.3	**104.7**	131.7	114.7
,, 13	199.9	104.9	132.0	114.8

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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